Austria Sch22	Indonesia Rp3100	Portugal Esc120
Bahrain Din0.650	Israel Sh3.50	S.Arabia Rls7.00
Belgium BFr48	Italy L1700	Singapore S$4.10
Canada C$1.00	Japan Y600	Spain Pta145
Cyprus C£0.90	Jordan Fils500	Sri Lanka Rup30
Denmark DKr10.00	Kuwait Fils500	Sweden SKr9.00
Egypt E£2.25	Lebanon $L125.00	Switz SFr2.30
Finland Fmk7.00	Lux LFr48	Taiwan NT$65
France FFr6.50	Malaysia Rlm4.25	Thailand Bt50
Germany DM2.30	Mexico Pes300	Tunisia Din0.800
Greece Dr120	Morocco Dh6.00	Turkey L600
Hong Kong HK$12	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr10.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Dustbowl memories haunt the US economy, Page 8

World News

Bush to address UN on Airbus disaster

US Vice-President George Bush was to attend today's UN Security Council debate on the Iranian Airbus disaster. Mr Bush was expected to defend the US action and add weight to renewed efforts to reach a ceasefire between Iran and Iraq in the eight-year-old Gulf war.

Baghdad Radio, monitored in Nicosia, reported that Iraqi forces, who have recaptured Iranian-held territory in southern Iraq in recent battles, punched crossed the border with Iran and seized the west Iran city of Dehloran, 50km east of the border. Page 16.

Secessionists overruled

The Azerbaijani authorities overruled a vote by the local council of Nagorno-Karabakh to leave Azerbaijan and join the neighbouring Soviet republic of Armenia. Soviet television said a number of arms had been seized in the enclave. Page 16.

Helicopter ditches

A cool pilot averted another North Sea disaster when he ditched his oilfield supply helicopter off Shetland after an engine caught fire. The 19 passengers and two crew, all unhurt, were plucked from a liferaft within 30 minutes and taken to safety.

Spanish nuclear leak

Spanish authorities ordered a state of alert after a leak at the Almaraz nuclear power plant in Caceres province.

Greek air dispute off

Greek air traffic controllers, who had been refusing to eat or sleep since Monday, reached agreement with the Transport Ministry on pay and conditions.

French wealth tax

Proposals by the French Government to restore wealth tax and create a minimum income, are likely to get a bumpy ride when they are debated in Parliament in September. Page 2.

Vietnam peace talks

Vietnam said it would attend planned peace talks on Kampuchea only if the ground rules previously agreed were unchanged. Refugee talks, Page 3.

Peru general strike

The Communist-led General Confederation of Workers of Peru, the largest union group, called for a two-day general strike against "starvation policies" on July 19.

Indian rocket fails

India's second attempt to launch a satellite into space failed when the rocket crashed less than four minutes after take-off.

Greece gives US notice

Athens served written notice of its intention to renounce the current agreement authorising US bases in Greece. Page 2.

Austria hesitates on EC

Chancellor Franz Vranitzky played down suggestions that Austria was intending to apply next year to join the EC. Page 2.

Refugees flood Malawi

More than 600,000 people have entered Malawi since 1986 to escape fighting in Mozambique, according to the UN High Commissioner for Refugees.

Taiwan reshuffle likely

A cabinet reshuffle was expected in Taiwan following a poor showing by Government figures in elections to the Central Committee of the Nationalist Party.

Blacks snub Bentsen

Black leaders gave a lukewarm welcome to Lloyd Bentsen, appointed on Tuesday as Democratic vice-presidential candidate in the US elections. Page 4.

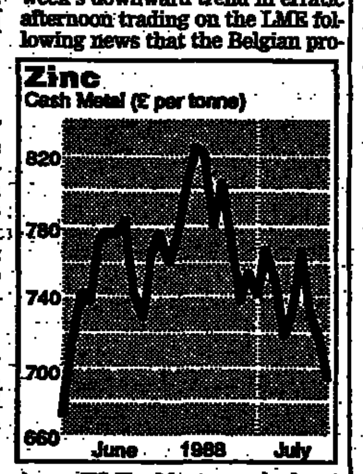
Business Summary

Murdoch moves into the bible market

RUPERT MURDOCH, the Australian-born publisher whose tabloid newspapers feature among the racier titles on the world's newsstands, is moving into the US bible and Christian book market. Harper & Row Publishers, owned jointly by Mr Murdoch's News Corporation and its William Collins affiliate of the UK, has agreed to buy Zondervan, the largest US publisher of Christian books, for $13.50 per share or a total of $56.7m. Page 17

WORLDWIDE shortage of cyanide will slow the boom in gold production until increased capacity comes on stream in six months. Smaller producers in Australia and the US are particularly hard hit, but some major gold expansion projects are also being held back. Page 4

ZINC: Prices continued this week's downward trend in erratic afternoon trading on the LME following news that the Belgian producer Vieille Montagne had cut its producer price by $150 to $1,200 a tonne. Page 26



LONDON: Afternoon rumours of a possible "dawn raid" on merchant bank Morgan Grenfell helped take share prices to a higher close, with the FT-SE 100 index climbing 12.8 to 1,871.3, aided by selective buying support. International stocks had a quiet day, however. Page 34

TOKYO: Heavy trading in large-capital stocks sent turnover soaring but shares ended an erratic session lower amid nervousness over the level of prices and the US trade figures due tomorrow. The Nikkei average ended 79.74 points lower at 28,020.10. Page 38

WALL STREET: There was no overall trend. Equities and bonds continued to vacillate, rising modestly in fairly active trading. The Dow Jones Industrial Average closed up 11.73 at 2,104.37. Page 38

DOLLAR closed in New York at DM1.8422, Y132.70, SFr1.5290 and FFr6.2155. It closed in London at DM1.8450 (DM1.8375), Y132.90 (Y132.60); SFr1.5315 (SFr1.5235) and FFr6.2250 (FFr6.1960). Page 27

STERLING closed in New York at $1.6950. It closed in London at $1.6910 ($1.6955), DM3.12 (DM3.1150), Y224.75 (unchanged), SFr2.59 (SFr2.5825) and FFr10.5250 (FFr10.5025). Page 27

FIRST CHICAGO, the large US bank holding company, reported net income of $122.9m or $2.02 a share, representing a big turnaround from the $599.9m net loss reported in the year-earlier quarter. Page 17

CBS, the New York broadcasting company, reported an improvement in its television and radio business in the second quarter despite its slide in the prime-time market and continued management upheaval. Page 17

CATERPILLAR, the world's largest construction equipment manufacturer, enjoyed impressive gains in profits, sales and margins in the second quarter. Net profits of $145m or $1.44 a share were 19 per cent up on the year-earlier results. Page 17

MEAD and Georgia-Pacific, two large pulp and paper companies, reported strikingly higher earnings in the second quarter to June thanks to strong order backlogs and good operating rates at the companies' mills. Page 17

Fed chief says US to grow faster but warns on inflation

BY ANTHONY HARRIS IN WASHINGTON

THE US ECONOMY is now nearing the limits of capacity, and Federal Reserve policy "might be well advised to err on the side of restrictiveness," Mr Alan Greenspan, the Fed Chairman, told the Senate Finance Committee yesterday.

Mr Greenspan said that the Fed governors had raised their growth expectations for this year to 2¾-3 per cent, half a point higher than last February, but that rising capacity utilisation and "some signs" of wage acceleration argued for caution.

Policy had already been tightened progressively since the end of March, but he warned that policy must still guard against the dangers of an inflationary spiral resulting from labour market strain, or from "needed adjustments" in import or farm product prices. The Federal Open Market Committee had therefore tentatively decided to reduce target range for monetary growth next year, by a full point for M2 and by half a point for M3.

There would still be no target for M1, whose growth remained strongly distorted by financial market innovations; and while the Fed had been studying other monetary indicators intensively, including the monetary base, it was not intending to target any such measure, because of problems in interpreting them.

"The high level of currency holdings suggests that vast, indeterminate amounts of US currency circulate or are hoarded beyond our borders," he explained. "Indeed, over the last 18 months currency circulation has grown noticeably faster than would have been expected."

Greenspan: warning on corporate debt

Mr Greenspan said that the adjustment of the US balance of payments was now well established, but warned that the monthly trade figures were likely to prove erratic.

He said that US exchange rate policy was aimed at stability, but he questioned the value of fixed target ranges for exchange rate policy. These might prove destabilising, he said.

(The Federal Reserve had in fact to intervene in the currency markets yesterday to damp a strong rise in the dollar when dealers interpreted a speech by another Fed Governor, Mr Wayne Angell, as a sign that the Fed would not resist market forces.)

Mr Greenspan's statement on monetary policy, a presentation made every six months under the Humphrey-Hawkins Act, was clearly designed to counter fears that the Fed might be permissive in an election year – fears which were strongly expressed by the Senate Banking Committee Chairman, Sen William Proxmire, in his introduction to the hearings.

"Huge accumulations of debt make our financial system quite fragile," he said. "All appears calm at the moment. I fear that calm is momentary. What will happen when the next disappointing trade number is announced? What will happen when investors begin to reallocate their assets later this summer, trying to beat the market before the next Administration changes the course of policy?

"What I fear is that the overhang of problems, and the election, might lead the Fed to be insufficiently strong in fighting inflation. Avoiding the battle against an overheating economy will prove very costly and painful, just as it was in the early 1980s."

However, Sen Proxmire gave Mr Greenspan high marks for his past conduct of monetary policy: "a high-wire act worthy of the great Wolenda."

Analysis, Page 4

Hungary's Central Committee opens doors to Glasnost

By Leslie Colitt in Berlin

ANOTHER milestone was reached in East European glasnost yesterday when the normally reclusive Central Committee of the Hungarian Communist Party exposed itself, at least partly, to coverage by Hungarian radio and television.

The openness was part of a new policy launched by Hungary's leader, Mr Karoly Grosz, who has given innumerable interviews since he rose to power in May. He wants to involve the population in a dialogue on important economic and political issues at a time of serious economic difficulties.

The Central Committee met to discuss two economic plans, one of which was to be adopted to help reform the stagnating economy.

Plan A was for a harsh austerity programme involving the closure of highly subsidised loss-making factories which would result in as many as 100,000 unemployed next year (current unemployment is nearly 30,000). It would also mean further reductions of consumer subsidies leading to more than 15 per cent inflation and a further devaluation of the Hungarian forint.

Plan B was for more modest company shut-downs leading to 50,000 unemployed, no more than 15 per cent inflation and no devaluation of the currency. The party leadership openly favoured the tougher plan and said it offered the only hope of overcoming the economic malaise.

In a television interview this week, Mr Grosz said the nation faced "difficult times" and that it could take 15 years before the economic reforms produced the desired results.

Hungarian radio for the first time broadcast a summary of the proceedings at noon and television presented more than an hour of the debates in the evening.

The proposed belt-tightening by the authorities in Budapest comes after the Polish Government's plan to raise prices led to a nationwide wave of strikes last April and May.

Mr Grosz is seeking to avoid such unrest in Hungary by informing the population of the economic alternatives and holding out the prospect of further political liberalisation.

The Central Committee yesterday also discussed a proposed bill on the right of association which could legalise a recently founded independent trade union and an independent youth organisation provided they are not seen as political movements.

UK to reopen Rover talks with Brussels

BY WILL DAWKINS IN BRUSSELS AND PETER RIDDELL AND KEVIN DONE IN LONDON

UK GOVERNMENT officials are to re-open talks with the European Commission today on the terms of the planned takeover of Rover Group by British Aerospace (BAe) after the future of the deal was dramatically thrown into confusion yesterday by BAe's unwillingness – at least temporarily – to accept new conditions set down by the Commission.

Difficulties are understood to have arisen concerning Rover's hitherto secret, five-year corporate plan, prepared by Mr Graham Day, the group's chairman and chief executive, which "foresees a substantial reduction in car assembly and component capacities," for Austin Rover, but no further capacity cuts for Land Rover, according to the Commission's decision paper.

It is understood the car assembly plant at Cowley would be an obvious main element of the restructuring.

The plan would cost £1.5bn ($2.5bn) in investment for new model programmes and restructuring between now and the end of 1992. While the plan has been formally approved by the BAe board, the initial indications from London yesterday were that the aircraft company had problems with the Commission's insistence it should promise to carry out the scheme as a condition of the deal and submit six-monthly progress reports.

The embarrassing last-minute delay came only an hour after Lord Young, the UK Trade and Industry Secretary, signed renegotiated terms for the deal with the European Commission, following three months of talks, and was due to announce the agreement to Parliament.

Lord Young told the House of Lords – Britain's upper house of Parliament - that until lunchtime yesterday it had appeared BAe was prepared to accept terms involving an effective reduction in the amount of cash injected into Rover from the British Government – from £800m to £547m – with the sale price remaining at £150m, coupled with relaxations in the tax conditions.

However, he said, "at the last minute, the company has asked for more time to consider the implications of other conditions attached to the Commission decision."

There was no official confirmation of the nature of the difficulty, but there were suggestions at Westminster that BAe had doubts about the Commission's desire to monitor the deal at six-monthly intervals, and possibly to require changes. The conditions are said to refer to the elimination of excess capacity.

Neither Lord Young, nor Mr Kenneth Clarke, the UK Industry Minister, were prepared to explain these "other conditions" in the House of Commons. Mr Clarke said the delay did not affect either the total price or the change in the use of tax losses.

However, Mr Clarke said he did not regard the points as "either important or material" and was "puzzled and surprised" about this final snag which was not significant.

Ministers did not disguise their irritation with BAe's attitude, particularly given the lengthy talks with Mr Peter Sutherland, the European competition commissioner.

Goodman food group considers bid for RHM despite opposition

BY NIKKI TAIT IN LONDON

GOODMAN Fielder Wattie, Australasia's largest food company, yesterday announced it was considering a bid for Ranks Hovis McDougall, the British bakeries and food group.

Any offer would be made "at a level not materially different from the current market price of 445p," said GFW's statement. At that level, RHM would be valued at £1.53bn ($2.6bn). The company added that if such an offer were made, it would not be increased – although it reserved the right to change this if a competing bid emerged.

RHM declined to comment on the announcement yesterday, beyond saying that if a bid was made, it would be unwelcome.

The statement follows strong speculation about the Australasian company's intentions. This has pushed the UK group's share price up by more than 100p in the last three months. It gained 10p yesterday to 459p. Goodman said it was making yesterday's statement because of "persistent market rumours."

Goodman has already built a holding of 29.4 per cent in RHM. It acquired the initial 14.9 per cent from commodity trading group, S&W Berisford back in August 1986. The holding was then added to at various stages – the last addition coming almost immediately after the October stockmarket crash when GFW lifted its stake from just 21 per cent to 29.9 per cent. At that stage, it said it would bid for a further six months.

If an offer is made for RHM, it would be on leveraged basis. Goodman's joint UK advisers, Samuel Montagu – who are handling the financing – yesterday declined to comment in detail. However, it understood that funding of around £1bn was being arranged. In its last accounts, for the year to end-June 1987, Goodman's gearing had risen to around 153 per cent, although analysts suggest this has now reduced to around 100 per cent.

Goodman, which has annual sales of around A$3bn ($2.3bn), has been built up by Mr Pat Goodman, a New Zealander and a fifth-generation baker. In recent years, its size has been expanded considerably by a merger with Allied Mills of Australia, in 1986, and then with Wattie, New Zealand's largest food group, in November 1987. Pro forma profits for the company in the year to end-June 1987 would have been A$244m.

Its interests range from cereals and flour, through bakeries to processed meat, margarine and gelatine. Its market capitalisation is around £1.25bn.

Mr Duncan McDonald, the company's managing director, said yesterday Goodman's aim was to expand internationally in the areas it knew well – hence the attraction of RHM. "We see advantages in being an international group," he commented.

RHM, which has met Goodman at various times over the past two years but been consistently opposed to any merger, made a pre-tax profit of £116.1m in 1987, on sales of £1.5bn.

In the current year, which ends in August, analysts are forecasting around £145m-£150m.

There was some scepticism yesterday over the exit multiple demanded by GFW's announcement, given the level of other bids in the food sector recently. "It doesn't look particularly juicy," commented one analyst.

Lex, Page 16; Goodman shows its hand, Page 25

Agriculture trade plan tabled

BY WILLIAM DULLFORCE IN GENEVA

A GROUP of 13 food-exporting nations yesterday put forward a four-part plan to free world trade in farm products. The plan is designed to break the deadlock created by the confrontation over agriculture between the US and the European Community in the trade-liberalising Uruguay Round of the General Agreement on Tariffs and Trade (Gatt).

The Cairns group proposed that, when trade ministers meet in Montreal in December for their mid-term review of the Uruguay Round, they should set guidelines for the removal of all restrictions to the free flow of trade in farm products, including the abolition of subsidies.

The US has demanded that all farm subsidies should be done away with by the year 2000. The EC refuses to abandon its export subsidies entirely or set a timetable and insists on a step-by-step approach to reform.

The Cairns group, in trying to bridge these differences, has asked governments to agree to a progressive reduction in agricultural support over a specific period but left the timetable open for negotiation.

The US and the EC are scheduled to respond to the Cairns plan today in the Gatt group negotiating on agriculture.

The plan proposes as a first step that trade-distorting government supports to agriculture would be frozen immediately at current levels. Secondly, as a sign of their commitment to long-term reform, countries engaged in heavy subsidies would then reduce their subsidies by an annual 10 per cent in 1989 and 1990.

Developing countries, which "cannot be held responsible for the distortions in world markets", would be exempted from the first steps to reform.

Third, during 1989 the Gatt countries would negotiate schedules for further cuts in support both across all agricultural sectors and for specific commodities.

The fourth suggestion is the long-term commitment for progressive reduction in support, without a specific timetable.

Sugar talks deadlock, Page 4; drought analysis, Page 8; grain exports, Page 28.

Angola peace hopes rise

BY MICHAEL HOLMAN, AFRICA EDITOR

AN END to the 13-year war in Angola and independence for Namibia appeared closer last night with the announcement of agreement on the "principles for a peaceful settlement in south-western Africa."

Although it is apparent that major obstacles have yet to be resolved, hopes have been raised by the communique issued last night after nearly three days of talks in New York between Angolan, Cuban and South African officials, chaired by the US.

The communique said that a document outlining the "principles" of a settlement will now be put to their Governments.

A further round of talks, the fifth in a series which began in London last way, is scheduled to take place by early August. The target date for final agreement is mid-September, the 10th anniversary of a UN plan which envisages independence elections in Namibia (South West Africa).

Delegates, who refused to disclose details of the document, were optimistic. General Antonio dos Santos Franca, head of the Angolan army and leading the Luanda delegation, said that a date was "very close" for an agreement, to provide for the withdrawal of over 40,000 Cuban

Continued on Page 16

CONTENTS

Europe	2
Companies	18
America	4
Companies	17
Overseas	3
Companies	19
World Trade	4
Britain	10,11
Companies	21,24-25
Agriculture	28
Arts-Reviews	13
World Guide	13
Commodities	28
Crossword	28

Currencies	37
Editorial comment	14
Eurobonds	29
Euro-options	26
Financial Futures	27
Gold	26
Intl. Capital Markets	30
Letters	15
Lex	16
Management	12
Money Markets	27
Observer	15
Raw Materials	28
Stock markets - Bourses	35,38
- Wall Street	35-38
- London	31-35,38
Technology	12
Unit Trusts	39-41
Weather	38
World Index	38

OVERSEAS MARKETS FEAR A FORTRESS EUROPE IN 1992

Willy de Clercq, EC external trade commissioner, gives a glimpse of future trade policy, Page 16

Rangoon: Burmese economic hardship sparks a surge of student discontent	3
Management: Selling French yoghurt in Japan – a hard lesson to swallow	12
Technology: Why architects are shedding their doubts about computers	12
Editorial comment: Damp squib for lawyers; the future of Hong Kong	14
British Aerospace and Rover: The suitor hesitates over a final commitment	14
Lex: Rover/BAe; Dixons; RHM; Union discount	16
Polaroid: Trying to keep ahead of the closing convenience gap	17
Tokyo: Stockbrokers prepare to profit from a futures bonanza	20

Paris sets stage for battle over tax and benefits

BY GEORGE GRAHAM IN PARIS

THE FRENCH cabinet yesterday agreed on twin Bills to be put before parliament in September, simultaneously restoring the wealth tax abolished two years ago and creating a new minimum social income for the poorest households.

The legislation is far from unanimously applauded, even within the Government of Mr Michel Rocard, and the Bills are expected to be fiercely debated in parliament.

The remodelled wealth tax is expected to raise around FFr4.1bn, with a levy of 0.5 per cent on fortunes of FFr4m (£380,000) rising to 0.9 per cent on fortunes above FFr12.9m.

The Prime Minister himself had originally favoured a lower rate on a wider taxable base, while Mr Pierre Bérégovoy, the Finance Minister, argued for the restoration of a tax closely modelled on that abolished in 1986 by the right wing Government of Mr Jacques Chirac, with a narrower base but rates rising to 2 per cent.

The compromise tax will cover only around two-thirds of the cost of the new minimum income, *and is viewed as too light* by many in Mr Rocard's Socialist Party, as well as by the Communists who could end up holding the balance in France's hung parliament.

Mr Rocard can only count on 276 votes in the assembly, 12 short of an absolute majority, and may therefore have to choose between the Communists and the centrists, who have for their part demanded substantial changes to yesterday's Bill as a condition for their support.

Mr Pierre Méhaignerie, leader of the centrist group, said yesterday that the reintroduction of the wealth tax must form part of an overhaul of France's other property and inheritance taxes, proposing in particular that the wealth tax should be viewed as a down-payment on eventual inheritance taxes.

The debate on the wealth tax is expected to prove a test case for Mr Rocard's wish for parliament, often little more than a rubber stamp in the French political system, to play a more active role in the framing of legislation, with a substantial number of amendments likely to be proposed by both the right and the left.

The minimum income is similar to the UK's supplementary benefit but it is tied to a programme which is supposed to help integrate people into society though professional training, work experience or even literacy classes.

It excites less political controversy *but it is, nevertheless,* hotly disputed by specialists because of uncertainty on how it will be applied.

The Bill proposes a payment of FFr2,000 (£190) a month to a single person or FFr3,000 to a couple, plus FFr600 for each dependant, and is expected to affect around 500,000 people.

Athens gives the US notice to quit bases

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE YESTERDAY stepped up the pressure in negotiations with the US for a new agreement on the operation of the four American military bases here, by serving Washington written notice of its intention to renounce the current bases agreement when its five-year duration expires next December.

If Athens were to implement this notice, then the US would have 17 months from that date to dismantle the bases and pull out its several thousand personnel. However, such implementation is by no means foregone, a fact which renders yesterday's move largely a tactical one.

Greece and the US, which began negotiations for a new Defence and Economic Co-operation Agreement (DECA) 11 months ago, are scheduled to continue these in new rounds of talks at the end of July and next September.

The US side is apparently still sanguine that an accord extending the bases' tenure can be reached by the end of the year. In Washington, US officials confirmed that talks would continue and said the atmosphere in the negotiations had been good.

Yesterday's notice was not a surprise since the Greek Government had let it be known for some time that, barring the successful conclusion of negotiations by July, it intended to abide by article 12 of the current agreement which prescribes a five-month advance notice of an intention by either side to renounce the agreement.

The timing of the move, however, is not likely to do much for Greece's image in the US, which received a blow this week with the terrorist attack against the cruise ship City of Poros.

Greek officials do not rule out signing a new DECA, provided they judge it to serve "national interests". To this end, one of Athens' key demands in the negotiations has been for some sort of guarantee of Greek interests against a perceived threat from Turkey in the Aegean.

A formula not specifically naming Turkey but asserting US support for Greece's territorial integrity, possibly through the reiteration of existing commitments such as to the United Nations charter or the Helsinki Agreement, is likely. The Socialist Government came to power in 1981 on a platform of closing down the "bases of death".

This slogan was set aside in signing a new five-year DECA in 1983, in exchange for an American commitment to maintain a balance in military aid to Greece and Turkey. The standard ratio is 7 to 10. This year Greece stands to receive $435m in military aid.

Austrian Chancellor plays down EC membership speculation

By Judy Dempsey in Vienna

SUGGESTIONS that the Austrian Government was intending to apply formally next year to join the European Community (EC) were played down yesterday by Chancellor Franz Vranitzky, who said important questions still remained before a final decision would be made.

But he did confirm any decision would be taken "sometime in 1989."

The Chancellor, who was reviewing the Government's work at the end of the parliamentary session, attempted to paint a realistic picture of what full membership would entail, including the social, economic and political costs.

Structural reforms, both in the *economy, industry* and possibly in banking, would have to be introduced or considered during the autumn parliamentary session, he said.

Vranitzky: questions remain

Austria's trade unions, meanwhile, meeting earlier this week, have postponed a decision on whether to support full membership. Mr Franz Verzetnitsch, their chairman, backed closer co-operation and integration with the EC, but like the Chancellor, discouraged any suggestion that membership could be achieved with few problems.

● Five EC importers have signed an unprecedented contract with Palestinians in the Israeli-occupied Gaza Strip to ship 16,000 tons of citrus directly to the EC.

The contract tests a recent Israeli undertaking to permit Palestinians in the occupied territories to export produce to the EC independently, Mr Maas van den Top, head of the Dutch Central Commodity Board for Arable Products, said yesterday.

Mr Van den Top said the deal still needed an export licence from Israel to go through.

Israel has, until now, forced Palestinians to sell fruit to Europe through Israeli marketing boards.

Two groups claim Greek ship attack

BY ANDRIANA IERODIACONOU

A HITHERTO unknown group claimed responsibility in Beirut yesterday for Monday's terrorist attack on the Greek tourist ship City of Poros, in which nine people were killed.

"The Organisation of Martyrs of the Popular Revolution in Palestine – Abu Jihad Unit – launched a swift attack on tens of Zionist, American and British soldiers on board the Greek ship City of Poros," the group said in a statement, reported by Reuter.

Earlier, a telephone caller told French radio that the Beirut-based group Islamic Jihad was responsible, but the claim was being treated with scepticism.

Mr Nikos Skoulas, the Greek Tourism Minister, said yesterday that Greek shipping companies were applying to one-day voyages the same stringent security measures as on longer cruises.

It has been widely acknowledged that the lack of security on short-haul voyages facilitated Monday's terrorist attack on the City of Poros pleasure boat in which nine people died.

Security investigations have indicated that the killers could have boarded the ship either at its point of departure from Athens or at any of its three island stops. At least one terrorist, a woman, was said yesterday to have escaped from hospital in Pireaus where she had been transferred unrecognized.

Security measures on long-haul cruises normally involve a two-tier check by both a private security company and the port security authorities.

Mr Skoulas also announced that, in an attempt to counter the potential effect of the incident on Greece's $3.5bn-a-year tourist trade, the Government is to launch a public relations campaign promoting Greece as a secure destination.

Top Basque policeman held over GAL role

By Peter Bruce in Madrid

A MADRID judge yesterday ordered the detention of a senior Basque policeman, without the option of bail, after accusing him and a junior officer of organising a secret war on Basque exiles suspected to be members of the separatist terrorist organisation, ETA.

Mr Jose Amedo, a deputy commissioner of police in Bilbao, and Mr Michel Dominguez, an inspector, may face a long wait in prison before coming to trial.

The move is very serious for the Madrid Government because the two men may now be persuaded to explain their role in the shadowy anti-terrorist group GAL, which the judge, Mr Baltasar Garzon, suspects has been financed by a secret fund at the Interior Ministry.

Mr Garzon indicted the two men, who "appear to be the principal organisers of GAL" for being members of an armed band, six attempted murders and three acts of terrorism.

The two men have been named by captured GAL members in Portugal and France. GAL is said to have killed 23 people between 1983 and 1986.

The judge's decision to jail the two men reflects his frustration at the refusal of the departing Interior Minister, Mr Jose Barrionuevo (he has been reshuffled to Transport) to say whether the Government has helped fund GAL and whether secret funds have been used. The two men may be helped and released, but it is clear the Government and the Court are now in conflict.

Meanwhile, Basque police appear to have scored a major success against ETA, virtually destroying the organisation's so-called "Donosti" commando.

The leadership-at-large, police said, had been arrested in the past three days. The authorities had also found weapons and details of planned attacks on a naval ceremony in San Sebastian this Saturday, attacks on the civil government of Guipuzcoa and the random murder of Basque gypsies, whom ETA accuse of drug dealing.

UK soldiers injured by IRA bomb

By David Marsh in Bonn

NINE BRITISH soldiers were wounded yesterday in a bomb explosion at their barracks in Duisburg, West Germany. Responsibility for the blast at the Glamorgan barracks, which took place at just after 3am, was claimed by the Irish Republican Army in a statement from Dublin.

The explosion follows the killing of three off-duty British soldiers in the Netherlands on May 1. Together with a later incident *in May when a bomb was defused* outside an army barracks in Bielefeld, yesterday's bombing underlines how the IRA is keeping up its campaign against troops in Germany despite extra security precautions.

The nine soldiers were wounded by glass splinters after the bomb went off when they were sleeping.

About 50 men from the Royal Corps of Transport regiment were in the barracks block. The injured suffered minor cuts and abrasions. None went to hospital.

An army *spokesman said* two bombs of up to 10kg each had been placed after the fence at the back of the barracks had been penetrated.

The blast tore a hole in the wall as well as damaging the barracks roof and blowing out a shop-front 500 metres away.

German police were searching last night for a gold-coloured BMW car with a Dutch numberplate spotted soon after the incident.

Its occupants opened fire on a German police car before disappearing.

Hilary Barnes reports on the foreign debt trap closing on Denmark

Schlüter shoulders a heavy burden

TIGHTEN fiscal policy and do it soon, was the unpalatable advice which faced Prime Minister Poul Schlüter's new three-party coalition government last month from the three academics who make up the chairmanship of the Economic Advisory Council.

This was extraordinary advice in view of the chairmen's forecasts that domestic demand, which declined in 1987, will fall again in both 1988 and 1989, while unemployment rises.

But the economic problems which face Prime Minister Schlüter's new government, formed following the May 10 election to the Folketing, are also extraordinary.

This is the 25th consecutive year in which there has been a deficit on the current balance of payments and there is no prospect of a surplus emerging in the next year or two.

Interest on the accumulated net foreign debt, which was about DKr260bn (£21.8bn) at the end of 1987, is rising faster than export *income, which is another way of saying that* the debt trap is closing on the country.

Over the 10 years to 1987, the National Bank pointed out in its 1987 annual report, interest on the debt has risen steadily as a *ratio of exports.*

The foreign debt itself has risen to almost 130 per cent of exports. Interest payments have increased to 13 per cent of exports. "This development is clearly unsustainable," said the bank.

Mr Schlüter launched his new period in office with a commitment to eliminate the current account deficit over the coming four years – the mandate period of the new Folketing (parliament). But he has yet to spell out the policies which are to bring this about and there are justifiable doubts as to whether his coalition, with only 67 of the 179 seats in the Folketing, has the parliamentary strength to succeed.

Indeed, there is a widespread feeling among senior officials that the perennial minority governments have little chance of straightening out the country's economy until the burden of financing the foreign debt becomes still heavier than it is.

According to this scenario, in a few years Denmark will be forced to go to the International Monetary Fund for assistance ("Never!" says Mr Schlüter emphatically), *which will give the government of the day* the alibi it lacks at present for radical changes in economic policy. These, to echo Mr Kjell Andersen, senior specialist on the Nordic countries for the Organisation for Economic Co-operation and Development, might include wage cuts, longer working

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hours and an absolute reduction in the size of the public sector.

This is not to suggest that this or previous governments have not tried to bring matters under control. They have tried, sometimes with considerable, but partial, success.

One problem seems to be that weak governments and a divided Folketing are no match for the pressure groups, including the trade unions, which take the economy two steps back every time the Government achieves one step forward.

Last year, for example, the unions won a cut in the working week, from 40 hours in 1987 to 37 hours in 1990. This contributed to an 11 per cent increase in wage costs last *year, as well as giving rise to the quip that* the Danes are the only people who think the cure for debt is to work less.

The new government's strategy will be two-fold. It will try to curb the growth of the public sector, and it will try to improve cost competitiveness.

Mr Schlüter's ambition is to reduce public sector employment, which accounted last year for 31.8 per cent of total employment. The Government has also proposed a reduction in the wage and salary budget in the state and local government sector by two per cent this year and one per cent in 1989. It is also committed to unchanged budget expen*diture in 1989.*

As the Government, supported by most economists, rules out devaluation (experience has shown that under Danish conditions devaluations lead only to higher inflation), progress on competitiveness depends primarily on winning labour market understanding for the need to hold down wage and salary increases.

It was against this background that the chairmen of the Economic Advisory Council ("the three wise men") recommended a tighter fiscal policy, despite falling private consumption and investment both this year and next and a predicted increase in unemployment from last year's 8 per cent to about *10 per cent next year.*

The chairmen see no alternative to tighter fiscal policy as a means of checking inflation, running at about 4.7 per cent over the past 12 months, and in view of the current account outlook.

The current account deficit came down from a record 5.2 per cent of the GDP, at DKr34bn, in 1986 to DKr20bn last year, but both the chairmen and the OECD expect that the deficit will remain at DKr16bn-DKr18bn in 1988-89.

Serious as the problems are, however, Denmark remains highly credit-worthy. As Mr Erik Hoffmeyer, governor of the National Bank, said a few days ago, foreign banks are *queuing up to lend* money to the country and the foreign exchange reserves, at DKr78bn in May, are burgeoning. "We are not at the edge of the precipice yet," he said.

Gorbachev seeks support for policies on shopfloor

BY CHRISTOPHER BOBINSKI IN SZCZECIN

THE SOVIET leader, Mr Mikhail Gorbachev, yesterday told Polish shipyard workers in Szczecin that his reform policies would fail unless they won the support of the shopfloor. At the same time, some employees at a major *engineering plant* in the *south*-east went on strike in support of sacked colleagues.

Mr Gorbachev was speaking at the Warski yard in Szczecin, a Baltic port which was formerly a stronghold of Solidarity, the banned trade union, and now at the centre of a dispute with East Germany over territorial waters.

The Soviet leader failed to mention either of those things in his speech, dwelling instead on Soviet-Polish friendship and on his support for the Polish Government's reform efforts, which he compared with *his* own.

A dispute with East Germany started four years ago, when that country unilaterally extended its territorial waters from four to 12 miles, leading to behind-the-scenes acrimony.

But General Wojciech Jaruzelski, the Polish leader, also skirted it in his speech yesterday, saying that "Poland lives in accord with *its neighbour,* East Germany."

He also told the shipyard workers that bankruptcies lay ahead for loss-making companies and that workers would have to come to terms with growing wage differentials.

Meanwhile opposition activists reported that three production departments at the Stalowa Wola factory, grouping a third of the 18,000 employees, stopped work yesterday in support of seven colleagues who were sacked after leading a strike there in April.

The enterprise is a strategi*cally sensitive* one, incorpor*ating* a steel-making unit as well as production departments mostly devoted to defence work.

Soviet citizens to get bank loans - at bargain rates

BY QUENTIN PEEL IN MOSCOW

PERSONAL bank loans for Soviet citizens are being introduced as *the latest innovation of Mr Mikhail* Gorbachev's economic reforms – and at rates of interest which would be the envy of Western borrowers.

An initial experiment in half a dozen Soviet towns and country districts is now to be expanded to Moscow and other areas, according to Mr Mikhail Kakhanovich, deputy chairman of Sberbank, the Soviet savings bank.

The new deal follows the introduction last January of cheques for savings bank customers – although that habit has proved very *slow to catch on,* because Soviet shops have been unwilling to accept anything less than hard cash in exchange for their scarce goods.

The same scepticism seems likely to greet the new loans, for the one commodity of which there is no shortage in the Soviet economy is cash. The problem is to find enough consumer goods to spend it on.

The newspaper Sozialisticheskaya Industria ran an article on the subject only yesterday, under the headline: Only money is not in short supply.

Mr Kakhanovich insisted, how*ever, that his bank had received* many letters asking for personal loans to be introduced.

Officially, they will be available only for "emergency needs", although the newspaper Moscow News claimed yesterday that the bank did not require precise details of the use.

A borrower will be limited to a maximum sum of Rs2,000 (£1,800), or the equivalent of eight months wages, repayable over three years.

Mr Kakhanovich warned that they would be, for a Soviet citizen, *"somewhat expensive"*: an interest rate of 6 per cent payable in the first year, rising to 7 per cent in the second, and 8 per cent in the final year.

"We want to see how the people here will react," he said.

The next innovation promised in personalised Soviet banking is the introduction of the credit card. However, given the unpopularity of personal cheques, that also seems destined to a slow take-off, with only the major Moscow department stores able to accept them.

New post for L'Unita director

A LEADING opposition Communist was yesterday named to head a new Italian parliamentary commission with expanded powers to combat organised crime, Reuter reports from Rome.

Senator Gerardo Chiaromonte, a member of parliament since 1963 and outgoing director of the Communist Party newspaper L'Unita was appointed chairman of the commission by the presidents of the Senate (upper house) and Chamber of Deputies.

The new 20-member commission was set up in March following appeals from political leaders in Sicily for a national drive to crack down on a resurgence of viiolence from organised crime.

It was given more power than previous bodies, including the authority to call witnesses and read investigators' reports, although parliament threw out proposals allowing it to arrest witnesses who refused to testify.

The leaders of organised crime have staged a counter-offensive since nearly 340 gangsters were sentenced to long jail terms at a mass trial in the Sicilian city of Palermo last December.

Victims of the violence include a former mayor of Palermo and a policeman.

Belgian central bank lifts key interest rate

Belgium's national bank raised its key three-month Treasury bill rate yesterday for the second time in as many days, and also increased its discount and lombard rates to support the country's currency, AP reports from Brussels. The Treasury bill rate went up to 7.1 per cent from 6.85 per cent. The discount and lombard rates were raised by a quarter of a point each to 7 and 7.25 per cent respectively.

Turkey seeks more British investment

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

PRESIDENT Kenan Evren of Turkey devoted the second day of his state visit to Britain, during which he had lunch with Mrs Margaret Thatcher, the Prime Minister, and attended a banquet in his honour at the Guildhall, to *setting out his country's claims* to be a full member of the European Community.

Though EC membership was not on the announced agenda of his talks with Mrs Thatcher, it was understood that President Evren brought up the matter in *the course of the 40-minute* exchange of views in Downing Street. The discussions also touched on *the problems of* Cyprus, the Gulf conflict, the Middle East and East-West relations.

The President, who is paying the first visit by a Turkish Head of State to Britain for 21 years, was reported to have emphasised that Turkey could not accept any linkage between a solution of the Cyprus problem and Ankara's application to join the European Community.

Britain is generally regarded as one of the EC members most sympathetic to Turkey's European aspirations, but Mrs Thatcher is known to believe that it will take a long time for *Ankara's EC ambitions* to be realised and has made no final commitment on the subject.

On Cyprus, the two leaders welcomed the fact that Mr Javier Perez de Cuellar, the United Nations Secretary-General, was trying to arrange talks between President George Vassiliou of Cyprus and Mr Rauf Denktash, *the Turkish Cypriot leader.* Mr Denktash said yesterday that talks might start next month.

President Evren told the ban*quet in the Guildhall that Turkey* was rapidly becoming not only the most populous country in *Europe outside the Soviet Union,* but one of the most developed countries as well.

Turkey had enormous economic potential and British companies should show more interest in investing in the country, he said.

Amato calls for deficit cut

ITALY must take rapid action to cut the public deficit, and could face a serious financial crisis if measures are not implemented soon, Mr Giuliano Amato, Treasury Minister, said yesterday, Reuter reports from Rome.

Mr Amato said failure to control the deficit would hit economic development and employment.

He was speaking to a business audience at the Banco di Roma in the Italian capital.

Two Germanys to tackle smog

BY DAVID MARSH

EAST AND West Germany yesterday agreed to step up environmental co-operation through *joint measures to deal with smog* caused by emissions from power stations and factories along their joint border.

Mr Klaus Toepfer, the West German Environment Minister, who ended three days of talks in East Germany yesterday, described his meetings with Mr Hans Reichelt, the East German Environment Minister, as bringing the two sides "a step forward". The meetings followed a basic accord on the environment signed between the two countries last September when Mr Erich Honecker, the East German leader, visited Bonn.

But Mr Toepfer made clear that the two Germanys would need to do a lot more talking before thorny questions on pollution of lakes and rivers along the border could be resolved. East Germany *irritated Mr Toepfer this week by* making detailed talks on resolving pollution in the River Elbe dependent on West Germany agreeing to border changes running along the river.

Concentrations of damaging heavy metals in the Elbe from East German industry cause particular problems for Hamburg, through which the river flows on its way to the North Sea. The West German population has been sensitised to the problem recently because of deaths of hundreds of seals along the north German and Danish coasts thought to be caused partly by pollutants flowing from the Rhine and Elbe.

The two countries also pledged to work together to reduce noxious gas emissions from East Germany's notorious lignite-fired *power stations. These are blamed* for much air pollution in West Berlin and in the south-east of the Federal Republic.

East Germany showed interest in buying West German desulphurisation equipment for the power stations. There was no agreement, however, on financing for such measures.

Mr Toepfer also failed to win concessions from the East Germans on the publication of statistics on air and water pollution.

A range of further talks at expert working level is, however, planned on topics such as water saving and recycling methods for industry as well as advanced coal-firing technologies for future power station types.

Greens make Peugeot car chief see red

BY PAUL BETTS IN PARIS

MR JACQUES CALVET, the combative chairman of France's private car group *Peugeot, has launched a lone* but highly vocal crusade against the "Greens" and the latest plans to reduce exhaust emissions of small cars in the European Community.

The agreement in Luxembourg at the end of last month by a majority of EC environment ministers to halve exhaust emissions of small cars of less than 1.4 litres by the early 1990s was described yesterday by Mr Calvet as "the worst possible proposal that could have been imagined."

"I am not against fighting pollution but I am against demagogy, and what is being done now could not be more demagogic."

He said he was also worried by the increasing influence of the Greens in Italy after their *rise in West Germany.* "Their rising influence in certain countries can lead Europe to do foolish things," he said.

Mr Calvet noted that the environment ministers's "common position" in Luxembourg was by no means common since it was approved by only nine of the 12 countries.

Under the latest agreement, cars with engines below 1.4 litres will have to meet emission standards of 8 grammes per test cycle for a combination of nitrogen and hydrocarbons and 30 grammes for carbon monoxide – by 1992 for new models and by 1993 for all new vehicles.

Mr Calvet was especially critical of the proposal to review the standards again at a future stage because he claimed this would further destabilise and demoralise car engineers developing new products. It was necessary to move in an "orderly fashion" *on this issue, he said, and* develop modern engine technologies rather than resort to the "absurd" use of catalytic converters.

The plans of certain countries like the Netherlands or Denmark to introduce fiscal incentives to anticipate the introduction of the new emission standards would distort the market and contradict the concept of a single European market, he added.

Mr Calvet also claimed that the impact of car pollution was grossly exaggerated. He quoted a recent study showing that only 5-6 per cent of air pollution was the result of car exhausts and claimed that "the automobile is not responsible for the death of forests."

"Why don't people talk more *about the problem of smog?* And why are trees growing healthily along motorways when they are suffering at the top of mountains?" he asked.

Mr Calvet has been alone among leading European car chairmen to attack openly the latest European compromise on car emissions. In contrast, Renault, the French state car group, has said it considered the new rules acceptable even though they were likely to increase the price of small cars by 4-5 per cent.

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Hanoi agrees to direct talks with HK on refugees

BY DAVID DODWELL IN HONG KONG

THE Hong Kong government achieved what it regards as a major breakthrough yesterday in its efforts to halt the rising tide of Vietnamese boat people being washed up on its shores, when Hanoi's foreign ministry agreed to hold direct talks on the issue within the next two weeks.

The invitation from Hanoi, which would have been inconceivable just a few months ago, coincides with signals from the Vietnamese government that it would be willing to consider repatriation of boat people on a substantial scale.

The breakthrough comes after a bleak four month period in Hong Kong when boat people have flooded into the territory at a faster pace than at any time since 1979. As the closed camp population has risen from around 9,000 to more than 19,000 since the beginning of the year, the Hong Kong government has abandoned its long-standing policy of offering first asylum to all-comers.

Asylum is now given only after screening to distinguish refugees, as defined by the UN, from economic migrants. Those defined as economic migrants are now held in closed camps, and will be repatriated to Vietnam when circumstances allow.

A two man delegation from the territory, headed by Mr Dick Clift, political adviser to the governor, will meet Hanoi officials just days before staff of the Geneva-based United Nations High Commission for Refugees (UNHCR) arrive for similar talks.

With Mr Clift will be Mr Geoffrey Barnes, Hong Kong's Secretary for Security. The two men will be joined in Hanoi by Mr David Colvin, head of the South East Asia Department in the Foreign Office in London.

"We are not going with any specific expectations," the Hong Kong government said yesterday. "At this stage, it is more a matter of finding out what they are willing to talk about. The fact that we have been invited to Hanoi so soon after our change in policy is remarkable enough."

Officials say "the situation is changing extremely fast", but they believe it is unlikely that a repatriation programme could be agreed very quickly. "We would not repatriate people without being very sure that they would not be punished for having tried to escape from Vietnam," the government said.

Hanoi's newly-espoused pragmatism comes at a time of mounting economic crisis internally, as drought has led to widespread crop failures, and of a diluted Soviet commitment to provide support. Apart from agreeing to talk on the refugee problem, Hanoi has taken concrete steps towards a withdrawal of its occupation force in Kampuchea. Such a withdrawal is seen by Western and neighbouring South East Asian governments as an essential pre-condition for establishing aid or trade links.

Israel uses fresh tactics to break uprising

By Andrew Whitley in Jerusalem

IMPOSING exorbitant tax demands on the 1.5m Palestinians of the occupied territories, and demolishing the homes of those suspected of serious offences, are the favourite, latest methods being used by the Israeli authorities to try to break the seven-month-long uprising.

Yesterday, troops demolished two houses in villages near Ramallah, in the West Bank, and sealed off four others, preventing their occupants using the premises. The houses were said to have sheltered a gang accused of throwing molotov cocktails at the army.

They bring to 43 the number of West Bank houses either blown up with explosives or bulldozed into rubble so far this year, according to Lawyers in the Service of Man, a Ramallah-based legal rights watchdog. Only five houses were destroyed in 1987.

Separately, over the past few weeks Israeli troops have been systematically closing off districts in the West Bank and Gaza Strip to conduct door-to-door tax raids. Local residents claim swingeing back tax demands are often levied and calculated in an apparently arbitrary fashion with no leave of appeal.

Chit Tun reports on the economic hardships behind student uprisings in Rangoon

Burmese shortages spark surge of discontent

THE RECENT student uprising in Rangoon, the third in less than a year, was a symptom of the tensions created by Burma's worsening economic troubles. After 26 years of socialism and one-party rule, this naturally well-endowed country of 38m people has been reduced to such a state of poverty that it has had to seek United Nations designation as a least developed country.

Shortages of even the most basic of consumer goods, a country-wide black market, spiralling cost of living – these and other hardships have long plagued the country, causing widespread discontent even among a people noted for their Buddhist indifference to worldly goods.

The collapse of the economy of a resource-rich and potentially thriving nation has been a creeping sclerosis for more than 20 years rather than a dramatic seizure. In the last few years, however, the decline has reached crisis levels with all the key indicators moving in the wrong direction.

Gross domestic product growth has been sliding down annually from 6 per cent in 1984 to a current stagnation level of around 1 per cent; consumer price inflation has risen from 5 per cent in 1984 to an official rate of about 25 per cent now – which almost certainly understates the true figure.

Exports are down, imports up, reserves are shrinking and total external debt mounting, up from \$3bn in 1984 to \$4.5bn at the beginning of 1987. As world prices for Burma's commodity exports fell, the debt servicing ratio steadily increased to nearly 50 per cent.

The economy has been particularly badly hit by the decline in earnings from rice and teak, both down about 40 per cent in 1987 compared with 1986 and although 1988 is expected to be slightly better, the outlook remains bleak.

One result is that Burma, only slightly reliant on aid until the middle of the last decade, is now heavily dependent on foreign grants, with Japan by far the most dominant donor.

Clearly, the outbreak of unrest was only a matter of time and, as so often happens, students led the way. The three major outbreaks were really part of a single movement, separated only by short intervals of university and college closures.

The first bout was unleashed by the Government's demonetisation of three currency notes last September. Finding the money in their pockets suddenly without value, Rangoon Arts and Science University students ran riot and stoned a police station.

Students of the Rangoon Institute of Technology also staged angry protests at the government move, which at one stroke wiped out kyats 9.7bn (£908m) of the people's money – 56 per cent of the currency in circulation. The trouble was suppressed with the closure of all educational institutions in the country and the expulsion or arrest of student activists.

Students broke campus peace again in March, some four months after universities and colleges had reopened. On this occasion, the security authorities reacted with unprecedented ruthlessness: students were beaten with batons and bundled off in hundreds by truck for custody in congested prison cells. There were rumours that some female students were molested or raped while in custody.

The severity of this operation prompted retired Brigadier-General Aung Gyi to write to party chairman U Ne Win, Burma's top leader and his former senior colleague in the Government, urging a full enquiry. If the alleged excesses of the security men were true, they would amount to human rights violations that could seriously harm Burma's international image, he said in the letter.

Earlier in the month, the brigadier had made a bold and blunt criticism of the economy in a letter sent to his former colleagues, including President U San Yu and Chairman U Ne Win. His main point was that Burma had turned into a "beggar nation" because of a faulty economic policy foisted on the country in the early 1960s by a minister with only a half-baked knowledge of socialism.

To show the magnitude of the inflation since 1962, the year General (now U) Ne Win launched the socialist revolution, he said a 150lb bag of rice priced at kyats 11 (£1) then now costs kyats 260, and kerosene from kyats 6 per four gallon tin to 240 without the tin. He called for economic reforms, citing the examples of the Soviet Union and China.

Glasnost has not reached Burma, so what impact the two letters have had on the Burmese leadership is not known.

While these events were unfolding, students started demonstrations again in the arts and science campus.

The unrest came to a climax with riots on June 21, when some 5,000 students marched down the main street from the campus and were intercepted by riot police.

The authorities again closed the universities and colleges, 35 in all with a student population of 255,000. They also imposed a curfew and a ban on public assemblies and processions in Rangoon and some other towns.

The Burmese leadership has so far shown a surprising unconcern towards this unrest. It may be that it is confident the problem will wither away with time and the sheer exhaustion of student activists. Or that they are too busy drawing up proposals, as directed by U Ne Win last August, for urgent economic and political reforms to be considered at the party congress early next year.

Authorities imposed a curfew in the central Burmese city of Taunggyi following two days of violence, travellers from the city said yesterday, AP reports from Rangoon.

The violence began on Monday in Taunggyi, the capital of the Shan states about 480km northeast of Rangoon, when Moslem youths in a city market turned on a young Buddhist monk who asked for donations, they said.

After the young men threw the monk's begging bowl to the ground, a crowd attacked the Moslems. The authorities then took control to stop the spread of violence.

On Tuesday the Shan States' Peoples Council imposed a curfew and invoked a law banning public demonstrations.

Shultz tries to dissuade China from missile sales

BY OUR FOREIGN STAFF

MR George Shultz, the US Secretary of State, will try to dissuade Chinese leaders from making further sales of ballistic missiles to the Middle East in talks beginning in Peking today.

Mr Shultz, who is on a tour of the Far East, will meet Deng Xiaoping, China's leader and Li Peng, the Prime Minister, and will try to convince them that additional missile sales to the volatile region are not in Peking's interest, US officials said in Hong Kong yesterday.

The US has been expressing increasing concern about ballistic missile proliferation in the Middle East in recent months, following China's sale of Silkworm anti-ship missiles to Iran and of so-called "East Wind" intermediate-range missiles to Saudi Arabia. There have also been reports of Chinese plans to sell missiles to Syria.

A senior US official said yesterday that the Middle East was a "hotbed of rumours" about potential sales of Chinese ballistic missiles to Moslem states. "We take them (the rumours) seriously because of where the course could lead," he said.

Proliferation of the missiles could increase the chances of pre-emptive strikes in the Middle East, where short distances put these short-range and medium-range weapons within striking distance of all capitals. There were reports that Libya, Iran and Pakistan were also discussing arms purchases from China, the official, who asked not to be identified, told reporters.

American officials said the US had success in convincing the Chinese earlier this year to halt the sale of Silkworm anti-ship missiles to Iran. China has consistently denied selling the weapons to Tehran.

"We believe they (the Chinese) have been living up to those assurances so that that problem is under control," the US official said.

Mrs Bhutto waves to supporters from a jeep

Pressure mounts on Zia to announce poll date

BY CHRISTINA LAMB IN LAHORE

PAKISTAN's most influential opposition leaders have called for the people to take to the streets to step up the pressure on President Zia-ul Haq, who still shows no signs of announcing a date for general elections.

Many tens of thousands of people converged on the old city of Lahore for the launch of a campaign to press for elections by the Movement for Restoration of Democracy (MRD), a nine-member opposition alliance formed in 1981.

United on a platform for the first time since the movement's heyday in 1983, leaders of all the component parties addressed the crowds unleashing their most virulent attack to date on the government of President Zia who they claimed had brought Pakistan to the worst crisis in its history.

The meeting belongs to the MRD in name only. The crowds were there for Mrs Benazir Bhutto, leader of the Pakistan People's Party (PPP), the largest party in the MRD. Proceedings were delayed five hours for her arrival; traffic along the eight-mile route from the airport having been brought to a complete standstill by flag-waving supporters, rekindling memories of her return from London in 1986.

The meeting appeared to signify a new unity among the MRD. Its composition of right-wing, socialist and religious parties has always made agreement difficult. Several leaders had expressed increasingly vocal dissatisfaction over the PPP's tendency to act unilaterally, particularly after its announcement of an alliance with parties outside the MRD. However without the PPP's support many MRD parties are little more than leaders and the PPP's recent agreement not to field candidates against the general secretary and president of each component party has helped iron out differences.

It has taken the opposition six weeks after the dismissal of the government to forget their rivalries and to throw down the gauntlet. When it finally did in Lahore it was an impressive display.

The MRD intends to hold similar meetings in every province but Mrs Bhutto hinted that a peaceful struggle may not be enough. "When we had the option we chose peaceful means. Now the option lies with Zia. If he fails to call elections within 90 days the responsibility of the people's reaction will lie with him."

The President is still keeping the country guessing as to his intentions. His carrot and stick policy of dangling the promise of elections has so far prevented drastic action from the opposition for fear of a re-imposition of martial law.

AMERICAN NEWS

Dukakis, Bentsen given cool welcome by blacks

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

GOVERNOR Michael Dukakis, the certain Democratic Party candidate for President, learnt at first hand yesterday of the depth of disappointment in the black community at his decision to choose Senator Lloyd Bentsen and not the Rev Jesse Jackson as his running-mate.

Appearing in Washington before the annual convention of the National Association for the Advancement of Coloured Peoples, the leading US civil rights organisation, Mr Dukakis and Senator Bentsen received a lukewarm reception and no more than polite applause.

"You have got a hard act today so do your best," Dr Benjamin Hooks, the NAACP's executive director said to Mr Bentsen as he was introduced him. The only cheers from the audience came as Dr Hooks added, by way of explanation, that Senator Bentsen was filling a space which his audience had hoped Mr Jackson would *occupy*.

Reaction to the selection of Senator Bentsen on Tuesday as Mr Dukakis's running-mate has been mixed. Many Democrats and Republicans have concluded that it is a bolder, and therefore riskier choice, than they had expected.

Senator Bentsen is seen as a conservative Democrat who can add both ideological and geographical balance to the ticket, strengthening it considerably. This is provided he can help his party carry Texas, a state the certain Republican candidate, Vice-President George Bush calls home.

Bush campaign officials are conceding that the Vice-President will now have to spend more time and money securing his political base and some are predicting an ugly political brawl in Texas when Senator Bentsen's electoral machine clashes with the powerful organisation which Mr Bush and his Texas friend, Mr James Baker, the US Treasury Secretary, have built.

Mr Dukakis's decision to challenge Mr Bush on his home ground, and he hopes more broadly in southern states,is reviving expectations that it will not be long before Mr Baker leaves the Treasury to take control of the Bush campaign.

Mr Bush and Mr Baker are scheduled to take a three-day fishing trip together this weekend and some who know both men well are predicting that Mr Baker will leave the Treasury early next month.

Inevitably, now Mr Dukakis has made so bold a choice, attention is switching to the decision Mr Bush must make about his running-mate.

The front runner, and a man whose prospects must have improved as a result of the selection of Senator Bentsen, is Senator Robert Dole, even though his name does not evoke rapturous applause in a Bush camp which will not forget the acrimony that marked their rivalry in the campaign for the Republican Party's presidential nomination.

Senator Dole is seen as a man who could help the Vice-President in mid-western states, especially now Mr Dukakis has left an opening there by not selecting a mid-westerner himself.

Remembering how badly most observers misread the choice of Senator Bentsen, however, speculation about Mr Bush's decision will be heavily qualified.

Union defeats threaten Mexican pact

BY DAVID GARDNER IN MEXICO CITY

THE FUTURE of Mexico's largely successful economic stabilisation *plan* could hang in the balance as a result of a string of resounding defeats inflicted on official trade union leaders in last week's presidential and general elections, analysts here believe.

Though official results in the fiercely disputed presidential contest, where both the long-ruling Institutional Revolutionary Party (PRI) and the opposition are claiming victory, are still not available, it is already clear that in elections for congress and the senate the trade union bureaucracy may lose as many as 20 seats.

The official labour movement, which is an integral part of the PRI's corporatist structure, is a signatory to the stabilisation plan, the Economic Solidarity Pact, agreed in December and currently due to run to the end of August.

At an emergency meeting of union leaders on Tuesday night, Mr Fidel Velasquez, the 87-year-old overlord of PRI's trade union arm, called a national congress of the CTM, the main labour federation, for August 29.

At the core of the Solidarity Pact, which has reduced inflation from a monthly rate of 15.5 per cent in January to 2 per cent last *month*, is a voluntary wage and price restraint agreement between the Government, the unions and the private sector.

Analysts now seriously question whether the CTM-dominated unions can afford politically to continue holding the line on wages after having their candidates so widely repudiated.

"The evidence suggests they have neither the support of society nor their members, and they are not taking that lightly," said a PRI official from the reformist group around the Government's presidential candidate, Carlos Salinas de Gortari.

Mr Velasquez on Tuesday served warning that the CTM would challenge opposition victories against its members. Some Salinas aides believe that the union bureaucracies' unwillingness to admit their defeats will further call into question the credibility of the election.

In the states of Mexico and Guerrero, for instance, where Mr Cuauhtemoc Cardenas' National Democratic Front coalition almost certainly outpolled the PRI, trade union leaders at risk in senate seats are refusing to admit any losses at all.

Mr Cardenas, who continues to insist he is the rightful president-elect, has meanwhile called a "national mobilisation" against an official result virtually certain to favour Mr Salinas, beginning with a rally in Mexico City

Ortega: seeking support

Managua in plea to OAS over envoy

NICARAGUA is to appeal for Latin American support within the Organisation of American States to fight the expulsion from Washington of its ambassador, Mr Carlos Tunnerman, Tim Coone reports from Managua.

Mr Tunnerman, with seven other diplomats at the Nicaraguan embassy, has been ordered to leave the US by Friday in retaliation at Nicaragua's expulsion of the US ambassador and seven diplomats in Managua on Monday.

Besides being Nicaragua's ambassador, Mr Tunnerman is Nicaragua's representative at the Washington-based OAS and his expulsion could create an unwelcome precedent for other Latin American nations which have had turbulent relations with the US. As host to the OAS headquarters, the US would normally only be entitled to refuse another member's right to nominate its representative to the organisation in a case of gross misconduct or a breach of diplomatic norms. This would not apply in Mr Tunnerman's case.

Mr Daniel Ortega, Nicaragua President, said on Tuesday that the US reprisal of expelling Mr Tunnerman as the Nicaraguan ambassador to the US "is understandable in diplomatic terms, but we will not accept their position regarding the OAS".

Caution urged over drought

MR Wayne Angell, governor of the US Federal Reserve Board, yesterday urged caution in response to the drought, both on Capitol Hill and in terms of monetary policy, AP-DJ reports from Washington.

Speaking to the Agricultural Communicators Congress, he said: "It is important that we do not move dramatically away from free market forces in agriculture."

He added: "We don't want to change US agriculture into some more socialised, totally government-determined outcome."

In terms of monetary policy, Mr Angell, who has advocated the use of a commodity price index as a source of information on the course of monetary policy, said it was important that commodities affected by drought be removed from that index before making a monetary policy determination.

US drought, Page 8.

Bases may close

THE US Defence Department is likely to propose closing 20-35 big military installations if Congress approves a plan to permit elimination of unneeded bases, AP reports from Washington.

The House voted overwhelming approval on Tuesday and the plan will go to a House-Senate conference committee to be reconciled with a Senate measure approved two months ago.

$130bn clean-up

CLEANING up contamination, disposing of radioactive wastes and upgrading US nuclear weapons plants could cost more than $130bn, according to preliminary congressional estimates, AP-DJ reports from Washington.

The General Accounting Office indicated the price could jump by $25bn if production was expanded and capacity relocated.

Shuttle crash 'likely'

A SPACE shuttle is likely to crash every five years under Nasa's current schedule because key power units will fail, predicted a Nasa-funded study, AP reports from San Jose.

The study said there was a 1-in-70 chance on any flight that the shuttle's three auxiliary power units, which control flaps needed to land, would fail and cause a shuttle to crash.

Greenspan couples inflation warning to call for lower deficit

Anthony Harris analyses testimony by the Fed chairman

MR ALAN GREENSPAN, chairman of the US Federal Reserve, told the Senate Finance Committee yesterday that the Fed's forecasts of growth and inflation were now better than its previous projections, made six months ago, but coupled this with a strong warning of the dangers of *overheating*.

"Federal Reserve policy at this juncture might well be advised to err more on the side of restrictiveness than of stimulus," he said. He told the committee that the Fed's targets for monetary growth would remain unchanged for the rest of 1988, but that reduced growth targets had tentatively been set for 1989. The growth range for M2 would be reduced by a full point to 3 to 7 per cent, and the range for M3 by half a point to 3½ to 7½ per cent.

Growth was now expected to reach 2¾-3 per cent this year, compared with a February forecast of 2-2½ per cent, and the GNP deflator to rise by 3-3¾ per cent, against 3¼-3¾ per cent. *Growth was expected to slow to* 2-2½ per cent in 1989, "more in line with the underlying growth of capacity".

In his six-monthly report on monetary policy, mandated under the Humphrey-Hawkins Act, Mr Greenspan said that at the beginning of the year most members of the Federal Open Market Committee had feared an economic slowdown, following the rapid build-up of inventories at the end of 1987. However, the economy had proved surpisingly robust, and the Fderal Reserve system had taken a succession of restraining steps from late March up to late June.

As a result, short-term interest rates *had risen to about their* level in October 1987; but long-term rates, by contrast, were still well below their 1987 peaks. "The timely tightening of monetary *policy in the spring, along* with better prospects for the dollar in the light of the narrowing trade deficit, seemed to improve market confidence that inflationary excesses would be avoided," *he said*.

He warned, hwoever, that inflationary dangers would reappear if capacity was put under further strain, or if relative price increases resulting from the dollar devaluation or from the drought were allowed to become embedded in inflationary expectations.

"Considering the already limited slack in available labour and capital resources, a levelling of the unemployment and capacity ultilisation rates is essential if more intense inflationary pressures are to be avoided," he said. It was equally essential to contain the import and farm price increase to a one-time adjustment.

"The costs to our economy of allowing a more intense inflationaru process to become entrenched are serious," he warned. "An acceleration would *have to* be countered by quite restrictive monetary policies. The financial health of many individual and business debtors, as well as of some of their creditors, would then be threatened."

Mr Greenspan coupled these warnings with a strong call for further reduction in the Federal budget deficit, "which remains the most important source of dissaving in our economy". A cut in the deficit would hold demand below the growth of output, and so make room for a further improvement in the balance of payments, and help to prevent any future tendency for interest rates to rise, which would depress investment and inflate Federal spending on debt service.

"Ideally, we should be aiming ultimately at a Federal budget surplus," said Mr Greenspan. "Historically, the United States is not a low saving, low investing economy. Government saving could supplement private domestic saving in financing investment."

He also indicated that it was important to allow the Federal reserve some room for manoeuvre. With the long-term path of fiscal policy set on deficit reduction, only monetary policy could try to offset the swings of any future business cycle.

"The strategy needs to be centred on making further progress towards stable prices," he explained.

THE Senate Banking Committee, taking a break from testimony by Fed chairman Mr Alan Greenspan, voted to approve the nomination of Mr John LeWare, chairman of Shawmut National Corporation, to a seat on the Fed, Reuter reports from Washington.

Mr William Proxmire, Democratic chairman of the committee, said the panel had an extensive hearing on Mr LeWare. Although a Democrat, Mr LeWare was nominated by President Reagan to a term that would end in the year 2002. He must still be confirmed by the full Senate.

Greenspan: higher forecast of growth

WORLD TRADE NEWS

Deadlock in US talks with EC on sugar row

By William Dullforce in Geneva

THE FIRST round of talks on the European Community's claim that long-standing US restrictions on imports of sugar and other farm products are inconsistent with the rules of the General Agreement on Tariffs and Trade ended in complete deadlock on Tuesday.

The bilateral consultations between senior US and EC officials – the prelude to a request for investigation by a Gatt disputes panel – led nowhere, according to EC officials.

It is now up to Brussels to decide whether to table a formal demand for investigation. Usually at least two rounds of consultations are held before calling for action by Gatt but France in particular wants the EC Commission to move quickly.

The EC charge is a riposte to the US complaint, now before a Gatt disputes panel, that European Community subsidies have seriously harmed US soyabean exports.

This US attack on a long-established EC regime angered Brussels and heightened the tension surrounding the talks on reform of world farm trade in Gatt's Uruguay Round.

In its *tit-for-tat response* the EC is claiming that long-standing US restrictions on imports of sugar, dairy products, peanuts and cotton contravene assurances given by the US when it secured a waiver from Gatt rules for its agricultural products in 1955.

At that time the US said measures exempted under the waiver aimed at holding down domestic prices and limiting both production and government support to farmers.

Instead, US domestic production of sugar had increased from 4.2m tons in 1955 to 5.4m tons in 1986, EC officials pointed out this week. The ratio of sugar imports to domestic production had fallen from 86 per cent to 32 per cent over the same period.

Output of dairy products in the United States had risen from 124m tons in 1955-56 to 144m tons in 1986.

The US maintained that its measures were fully covered by the 1955 waiver and, in the case of sugar, by a note added to the customs schedule it negotiated in the early 1950s.

Jim Bodgener reports on the details of a special working agreement between Turkey and the Soviet Union

Ankara raises the iron curtain for its migrant workers

TURKISH guestworkers will set out for Europe again this year – but behind the Iron Curtain to construction sites in the Soviet Union.

Major construction contracts are being signed with Turkish contractors, whose services will be payment for the import of Soviet natural gas by Turkey – and the Turkish companies will, as in the Middle East in the past, supply their own labour force.

Enka, leading Turkish contractor, signed a $107.5m contract early in June to build a 1,000-bed hospital in Moscow and to renovate the historical Petrovski arcade. About 1,000 Turkish workers and engineers will implement the three-year contract, one of 10 such deals.

About two months previously, a venture of two Turkish contractors, Koray-Baytur, received a contract valued at about $79.5m for the construction of hotels and health centres at the spa resorts of Pitsunm and Mohackle.

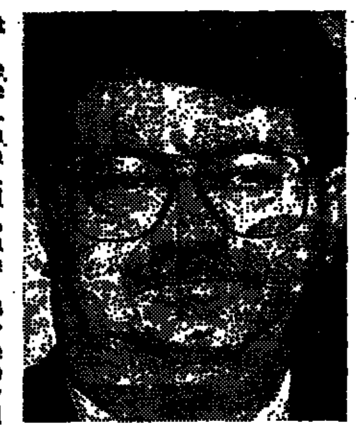
Turkey will be seeking more construction contracts later into the gas supply deal, say officials. Contractors involved say it is possible that, eventually, the Soviet market may compensate to some extent for lost business in the depressed Middle East infrastructure market.

The Turkish companies were chosen because their prices were cheapest, say Turkish officials. Moscow had also talked with Indian, Finnish and Yugoslavian companies about the projects. But there was also a political imperative behind the deal, which was first discussed when Mr Turgut Ozal, Turkey's Prime Minister, visited Moscow in 1986.

Negotiations took a long 18 months. Turkish executives say their Soviet opposites were some of the most flinty and obdurate negotiators in the world; slow and deliberate over details, and conceding little.

Inevitably, mobilising for the contracts and trying to move machinery, clerical staff and workers into the Soviet Union for the first time has posed some problems for the Turkish contractors, not the least bureaucratic. There have also been delays moving heavy construction machinery through a Soviet railway network, heavily congested by Eastern bloc's high season tourist traffic.

According to the terms of the construction deals, the Turkish contractors will supply labour and machinery, most basic construction materials such as cement and reinforcing bars will be sourced within the Soviet Union.



Turgut Ozal: political imperative

Differences over whether the Soviet Union or Turkey should pay for equipment which had to come from third countries – such as medical aids – held up this year's round of *negotiations for bi-lateral trade*, but a compromise leaving third country supplies has now been negotiated.

However, the terms were finally agreed last week. The general framework was laid down last year after three years of negotiations.

There are two separate sides to the trade agreement, the gas supplies, and commercial trade over and above the gas. Built into the gas agreement are continuing Soviet payments towards the construction of a recently-completed pipeline from the Bulgarian border to Ankara costing $292m. Turkey will purchase the gas with letters of credit, 70 per cent of which will be made available to Soviet foreign trade companies to purchase Turkish goods. Turkey will try to negotiate this up to 100 per cent after 1990.

By 1991, Turkey will be purchasing 5,000m cubic metres of natural gas – imported via a pipeline from the Soviet Union – valued at a total $600m, which should increase bi-lateral trade well beyond $1bn.

Overall, in bilateral trade there will be an increase in Soviet exports to Turkey this year of about 25 per cent to a total $300m. Turkish sales this year *will be slower, partly because the* contractors will still be mobilising, says Mr Namik Kemal Kilic, deputy undersecretary at the Treasury and Foreign Trade Undersecretariat. For the gas deal alone, Turkey will export goods valued at $65m this year.

Apart from construction services, there is a large pharmaceuticals component, and also glass, electro-mechanical goods, and foodstuffs.

For its part, the Soviet Union will sell the gas, plus petroleum, ammoniac, and other commodities.

The Soviet side makes up its own shopping list from requests made by Soviet state foreign trade companies.

Similarly, the Turkish Government collates what Turkish companies have to offer. A list acceptable to both sides is then negotiated annually.

The price of the gas fluctuates in accordance with international market tariffs.

Exporters report no difficulty in payments from the Soviet Union. Payment is made either through the natural gas agreement, or by letters of credit, or through reciprocal investment in Turkey. Some Turkish exporters conduct business through direct *letters of credit with Soviet for*eign trade companies, some operate through the Turkish central bank.

Export consignments to the Soviet Union are shipped mostly across the Black Sea – about 80 per cent of trade goes in this way, although some is railed.

Soviet negotiators for these export deals are reported to be hard-nosed dealers compared with other overseas markets.

Turkish companies also complain about the innate conservatism of Soviet customers, who seem ill-informed about the gas deal and the amounts of Turkish hard currency in Moscow which can pay for Turkish imports.

Eventually, Mr Kilic hopes that glasnost in the Soviet Union will give republics governments enough autonomy to negotiate directly with Turkish contractors.

The Soviet local authorities are better informed than Moscow about their detailed requirements, he says.

The Turkish Government needs the gas imports to diversify away from crude and the vagaries of the international oil market.

The gas will also replace the polluting lignite (brown coal), at *present used in power stations* and home heating, which emits an acrid sulphurous smoke, smogging Turkey's main towns and cities during the winter.

Cyanide shortage hits gold production

By Kenneth Gooding, Mining Correspondent

THE BIG rise in gold production from low-grade ore is being hit by a worldwide shortage of cyanide.

Smaller producers in Australia and the US are particularly affected. Some gold expansion projects are being held back.

Desperate miners have been chasing up the sodium cyanide price, normally just under $1 a lb, to $1.50 and beyond, and seeking supplies from communist countries.

Major cyanide producers are planning capacity increases, but these will not come on stream for at least six months.

The problem arises from the dramatic increase in use of the heap-leaching process to recover microscopic grains of gold from ore. Ore is placed on a plastic pad and soaked with a weak cyanide solution which leaches out the precious metal.

The process was developed in *Nevada in the US in the mid-*1970s and is being increasingly used there as the 1980s-style gold rush develops.

In the past year demand for cyanide from the Australian gold mining industry has jumped by 50 per cent as mines employing heap-leaching come on stream.

Mr Hugh Morgan, managing director of Western Mining Corporation, Australia's biggest gold producer, said the cyanide shortage was harming the industry.

The problem was likely to last at least another six months until there was significant new cyanide production capacity.

Du Pont, the world's largest sodium cyanide producer, has an expansion programme which will add 50 per cent a year to its annual capacity. Plants being built at Texas City, Texas, and in Mexico will come into operation next year, and another at Memphis, Tennessee, has been completed.

The company said the expansion has been driven by demand from the gold mining industry. It said the non-communist world will use about 150m lb of sodium cyanide this year and 200m lb in 1989. Demand is expected to grow for the next five years at an annual rate of 8 per cent.

Imperial Chemical Industries of the UK, the second-largest sodium cyanide maker, has been eliminating bottle-necks from the production system at its Billingham, northern England plant to increase output.

Matsushita to produce CD players in Germany

BY STEFAN WAGSTYL IN TOKYO

MATSUSHITA Electric, the Japanese consumer electronics giant, yesterday announced plans to manufacture compact disc players in West Germany.

The move will increase Matsushita's co-operation with two of Europe's leading electronics groups – Robert Bosch, of West Germany, and the Dutch combine Philips.

The players will be produced at MB Video, a joint venture in which Robert Bosch will have a 35 per stake. The factory has been producing video recorders for both parent companies for the past five years. Mechanisms for the CD players will be supplied by Philips.

The deal also highlights the strategy of Japanese electronics companies to increase production in Europe in order to ease trade tensions and reinforce their positions in advance of the liberalisation of the European market in 1992.

Matsushita said 40 per cent of the content of the players would be local. Production is to start next month, with output reaching 70,000 machines by the end of next March, rising to 300,000 a year. Matsushita's exports to Europe last year totalled 200,000.

● International Telecom Japan and France Telecom have agreed to link their communications networks, Reuter reports from Tokyo.

ITJ, mostly owned by a group of major *Japanese companies*, has applied to Japan's Posts and Telecommunications Ministry for approval for the link.

The accord mainly covers basic terms and conditions of leased circuit services between Japan and France. But ITJ and France Telecom also plan to agree soon on joint provision of international telephone services.

France Cable et Radio, a subsidiary of France Telecom, which is owned by France's Ministry of Posts, Telecommunications and Space has a 2 per cent stake in ITJ.

Kuwait to buy Soviet arms as UK presses case

KUWAIT said yesterday it had agreed to buy Soviet armoured personnel carriers but would examine British arms offered by visiting Defence Secretary George Younger, Reuter reports from Kuwait.

Kuwaiti Defence Minister Sheikh Nawaf al-Ahmed al-Sabah said he had signed a contract last Saturday for 245 of the BMP2 model carrier. The value of the deal is put at $300m.

Kuwait is seeking advanced US fighters and missiles in a controversial $1.9bn deal now under discussion in Washington.

Kuwait, close to the Iran-Iraq warfront and target of numerous Iranian missile attacks, has long sought to diversify arms sources.

Mr Younger expressed confidence in new British arms sales at the end of a three-day visit. He said British arms offered included tanks, training and operational aircraft, patrol vessels and mine disposal equipment for land and sea.

Re-exports lift Dubai trade

BY ROBIN ALLEN IN DUBAI

DUBAI'S trade rose almost 15 per cent last year, boosted by a recovery of re-exports, particularly to Iran.

The second wealthiest of the seven United Arab Emirates federation and the most forceful of the mercantile states of the Gulf, saw exports, re-exports and imports rise 14.7 per cent last year compared with 1986, according to the Dubai Chamber of Commerce's latest bulletin.

Total aggregate value of non-oil trade amounted to Dh25.4bn (£3.8bn), the second highest turnover recorded – the previous high was Dh26.3bn in 1983 – and compares favourably with the country's total exports of oil and gas in 1987. These amounted to Dh33bn as recorded in the UAE central bank's annual report for 1987. Dubai's share of the Emirates' total oil and gas exports is *40* per cent.

Some 65 per cent – worth Dh18.9bn last year – of the UAE's imports come through Dubai. But particularly significant is the recovery of Dubai's re-exports, traditionally the mainstay of the emirate's wealth, as well as the sustained predominance of Iran as the largest single re-export market.

If the six-nation Gulf Co-operation Council – comprising Bahrain, Kuwait, Oman, Qatar and Saudi Arabia apart from the UAE – is taken as a single unit, then the GCC has emerged as the most important re-export market, taking 28.6 per cent of Dubai's re-exports, worth Dh1.5bn. Individually Saudi Arabia, Qatar and Kuwait were in second, third and fourth positions respectively with food and manufactured goods being responsible for the bulk of their imports from Dubai. But Iran, which took *Dh1.3bn* of goods last year – up 78 per cent over 1986 – is twice as important a market as any other single country.

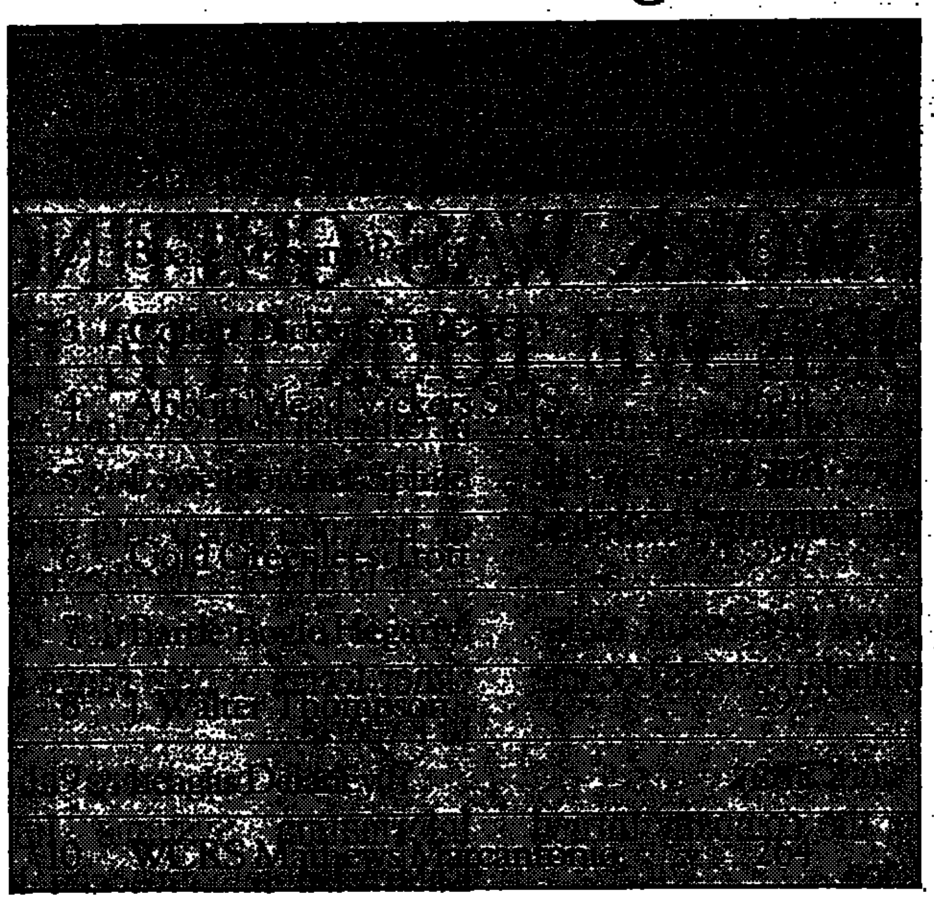
Principal re-exports to Iran were food (Dh480m), manufactured goods (Dh290m) and machinery and transport equipment (Dh313m).

Dubai merchants were recently hit by a Saudi ban on imports of food from Iran. Earlier this year trucks from Dubai loaded with Iranian food were turned back at the Saudi border. Re-exports to Iran were also affected by Iranian foreign exchange restrictions causing Iran Air to cut back its flights to Dubai as fewer Iranians came to stock up. Traffic last April was down to one-quarter of what it had been the previous January, according to civil aviation sources in Dubai.

However, much of this traffic *has* been restored since early June, apart from the temporary cancellation of all flights and dhow traffic following the US shooting down of the Iranian Airbus. *In the first week of June the* Iranian government announced that $2bn had been allocated for agricultural and other imports including manufactured goods and *machinery*. Many Iranians coming to Dubai buy television sets, refrigerators, washing machines, and air-conditioners as well as electronic goods and vast quantities *of car and* heavy-duty tyres.

Who & Who wins most awards?

Creative Awards League Table



"Saatchi & Saatchi's position as Britain's top creative agency has strengthened remarkably over the past year. Once again it heads Campaign's league table of the top 30 award-winning agencies, but this time it is by a much greater margin. Last year Saatchi's points score put it 29 per cent ahead of its nearest rival. This year the difference is 50 per cent. It is hard to see how any agency could close such a gap for several years."

Campaign 24th June 1988

Who & Who wins most new clients?

New Business Gains 1988

[illegible]	[illegible]	[illegible]
1	[illegible]	[illegible]
2	Young & Rubicam	[illegible]
3	KHBB	[illegible]
4	J. Walter Thompson	20.5
5	Abbott Mead Vickers SMS	17.0
6	[illegible]	[illegible]
7	Collett Dickenson Pearce	16.5
8	Allen Brady & Marsh	16.0
9	D'Arcy Masius Benton & Bowles	14.5
10	[illegible]	13.5

"An outstanding year, even by the form captain's usual standards. Even for an agency of Saatchi & Saatchi's size, winning £60 million in new billings is no mean feat. Among the most notable new accounts was ICI's £20 million worldwide corporate advertising, which it won in a battle of the giants with J. Walter Thompson. Further coups were $18 million-worth of pan-European business from Gillette and the £9 million launch of Abbey National's financial services."

Campaign 26th February 1988

Agricultural disaster in the Midwest has wide-ranging implications for trade and for the US and world economies. **Our Foreign Staff report**

America's agony holds prospect of European budget bonanza

BY TIM DICKSON IN BRUSSELS

THIS week's rain in the Midwest not only sent traders in Chicago scurrying for cover. It will certainly change a few back-of-the-envelope calculations being made by other world grain producers in the wake of the potentially catastrophic US drought.

The keenest speculation in Brussels is to what extent America's misfortunes will be Europe's opportunity. In the last few days some commentators have been talking airily of European Community budgetary savings from lower export subsidies of perhaps Ecu 2bn (£1.3bn) to Ecu 3bn in 1988 and 1989, plus a significant reduction of cereals stocks from 14.5m tonnes at the beginning of this season to well below 10m tonnes by the end of the year.

The European Commission, with much justification, says it is still much too early to make meaningful predictions. While the commission has no wish to gloat at Washington's difficulties, there is undisguised pleasure in some quarters that world commodity prices have been rising sharply in recent weeks.

Take, for instance, the aid payments made to Europe's oilseed crushers, which are calculated by taking the difference between the world market price for rapeseed, sunflower and soyabeans and the higher "target" prices set by the EC to provide a satisfactory income for producers.

At the beginning of this year these were averaging about Ecu 24 per tonne, the figure that was used by the Brussels number crunchers to estimate the necessary resources for this sector in the 1989 budget. Thanks to the sharp rise in world oilseed prices, however, these payments have now been cut to a third of the levels of the first half of the year and, if maintained, would imply savings for 1988 of Ecu 500m-600m. If they remained unchanged into 1989 the bonanza for the EC budget could be of the order of Ecu 2bn.

The same possibilities can be seen for the so-called export restitutions, or subsidies, which are paid to grain traders by the EC to bridge the gap between official European prices and lower world market prices.

At this stage in the season most EC grain exports are being made from "intervention" stocks which have piled up in previous years, but estimates suggest that 20m-25m tonnes of cereals from this year's harvest (including 14.5m tonnes of common wheat) will be sold to export customers with the subsidy supports. If world prices remain firm the recent Ecu 20-25 per tonne cut in restitutions would therefore be worth around Ecu 500m in a full year.

Much will depend on the final drought figures, but while the US will undoubtedly try to keep its existing share of world markets through running down its existing stocks, the EC and other producers expect that Washington's Export Enhancement Programme of grain subsidies will be less aggressive this year. This could provide an opportunity for the EC to enlarge its slice of the world market.

The latest revisions to the Commission's preliminary draft budget for 1989 (which has yet to be approved by the Council of Ministers and the European Parliament) show total agricultural spending Ecu 400m below the limit or "guideline" fixed by heads of Government in February as part of the now famous "stabiliser" package.

Any official alterations to these figures as a result of drought "savings," however, are unlikely to be made until autumn at the earliest when the then level of restitutions (thanks to administrative delays built into the system and assuming they have not gone back up to earlier levels) could be seen to be having a direct impact on spending in 1989.

While the short term financial implications of smaller food surpluses are important for some, the major preoccupation for others is the longer term effect of the US drought on agricultural production and on the current round of negotiations over farm supports in the General Agreement on Tariffs and Trade (Gatt).

Many experts, for example, fear that the hard-earned momentum for Common Agricultural Policy reform in Europe will be halted and that other producers of cereals and oilseeds such as Brazil, Argentina and Australia (which appear to have had good harvests) will respond to the short-term increase in world prices by planting more acres for next year.

The result will be an even bigger problem in the 1990s than the one which policymakers have been struggling to tackle in the mid- and late 1980s.

"The fact is that nothing fundamental has changed," said a US official close to the Gatt talks.

The view in Brussels is that serious talking in the Gatt – stalled because of other parties' refusal to sign up to Washington's long-term goal of the elimination of all subsidies – is unlikely to start until after the US presidential elections in November. The drought, however, appears to have strengthened the hand of EC negotiators who feel that their adherence to more "realistic" short-term targets now stands a better chance of winning the day and that the spectre of shortages will dampen the Americans' zeal for a complete end to protectionism.

US pauses on grain subsidy programme

THE HOT dry weather shrivelling the crops of the American farm belt is also stunting the controversial export subsidies programme the US Government has aggressively used to "recapture" lost grain markets from the EC.

The US Department of Agriculture has announced no new subsidy packages under its Export Enhancement Programme since the drought began drawing daily headlines. Although officials have refused to acknowledge that the programme is "on hold," they rejected a deal to subsidise 500,000 tonnes of wheat to China. They accepted bids on wheat sales to Egypt, but these were covered by a line of credit proffered before the drought.

"I think the EEP will be used sparingly for Egypt and other client states – unless Europe gets aggressive with its own export subsidies. Then the US will follow," said Mr John Schnittker, a Washington agricultural economist.

The EC has miscalculated in the past with its export restitutions and driven prices down, he said. The EC's refusal to phase out subsidies is at the centre of the agriculture trade negotiations in Geneva, and with a "mid-term review" of the talks scheduled for December, Mr Schnittker believes the it will move cautiously this year.

Under its own export subsidies programme, the US Government gives American exporters "bonus" crop certificates (principally to sell wheat exports). These can be redeemed for crops from surplus stocks, which are sold and the returns used to offset higher US crop prices.

It has proved to be a clever scheme, for it helps to depress domestic prices, making US products competitive, while at the same time reducing storage expenses.

However, the Department would be gambling on a good crop next year if it over-stimulates exports. And it is haunted by its own miscalculations like the 1972 sale of subsidised grain to the Soviet Union which ended with domestic prices soaring.

Meanwhile, higher prices are bound to depress exports to poor countries. Some experts think foreign sales could drop by 10 per cent this year, giving new opportunities for US competitors to move into markets the US has conquered through subsidies and low prices.

The American winter wheat crop, which accounts for about three-quarters of total wheat production, has not been much affected, but about two-thirds of the spring wheat crop is in poor condition. According to Mr Ewen Wilson, the USDA's assistant secretary of economics, supplies for 1989-1990 are likely to exceed 3bn bushels. Last year total use was 2.7bn.

Supplies of soybeans are much tighter. The Government owns only 12m bushels of soybeans, much of it of poor quality, and that could be gone this month.

Mr Wilson last week estimated that farmers and elevators will have 275m bushels in stocks on September 1 – about 14 per cent of a year's supply. Domestic and foreign usage was a bit more than 2bn bushels last year. Unofficial estimates put this year's crop at about 1.5bn bushels and falling, although rain soon could alter the picture dramatically.

The US soybean shortage is good news for Argentina and Brazil, which harvested record crops this spring and may now reap the benefits of the soaring prices. USDA estimates a rise in total foreign production of soybeans this year over last of 12 per cent.

Unlike soybeans, maize has no recovery power and more than one-quarter of the crop is thought to be in bad condition so far. Reserves are large – 1.27bn bushels on June 1 – but if there is no consistent rain in the next two weeks, Mr Schnittker figures the US could move from a position of high surpluses this year to a near-shortage next.

Talk of export rationing is anathema to administration officials. However continued subsidies in the face of possible shortages is a risk USDA need not take unless it is pushed.

Nancy Dunne

Prayers fail to ease plight of the Corn Belt

BY NANCY DUNNE IN WASHINGTON AND DEBORAH HARGREAVES IN CHICAGO

THE next week will make or break the Midwest maize crop as each dry day of 90 degree heat weakens the plants' chances of forming kernels.

In frustration some farmers have already hacked down the infertile stalks to feed to their hungry livestock. Tempers are frayed in the Corn Belt where the wide blue skies show no signs of clouding and temperatures continue to burn.

High winds have whipped up much of the top soil in the Great Plains, forming barren dust bowls that may not grow a crop for years to come.

Public prayer sessions and rain dances in the Midwest have failed to fill the drought's insatiable appetite for cropland, and it has moved relentlessly eastward with no sign of easing in the near future. Rain has offered patchy relief this week in the eastern Corn Belt, but in general the mid-US has endured its driest hottest spring and early summer in 50 years.

Advanced conservation techniques and technology have managed to save some top soil which in the Dust Bowl of the 1930s would have been lost. However, experts fear that modern hybrid maize is actually less resistant to dry spells than its ancestor breeds of the 1930s. Over 50 per cent of the maize planted in Indiana, Georgia, Kentucky and Missouri is in poor or very poor condition.

Spring wheat, which forms one-quarter of the US crop, has suffered its worst decline in history. A special crop report, produced by the US Agriculture Department on Tuesday, forecast a 30 per cent cut in the maize crop and a 12 per cent decline in soybean output.

However, Chicago crop analysts say the report is very conservative in its estimate of damage.

The US Agriculture Department has taken pains to reassure Americans that there will be no food shortages and no need to limit exports. US processors have already found it necessary to import oats, later this year they may need durum wheat and soybean meal as well. Mr John Schnittker, a Washington agriculture economist, explained: "The government must exercise a tranquilising function."

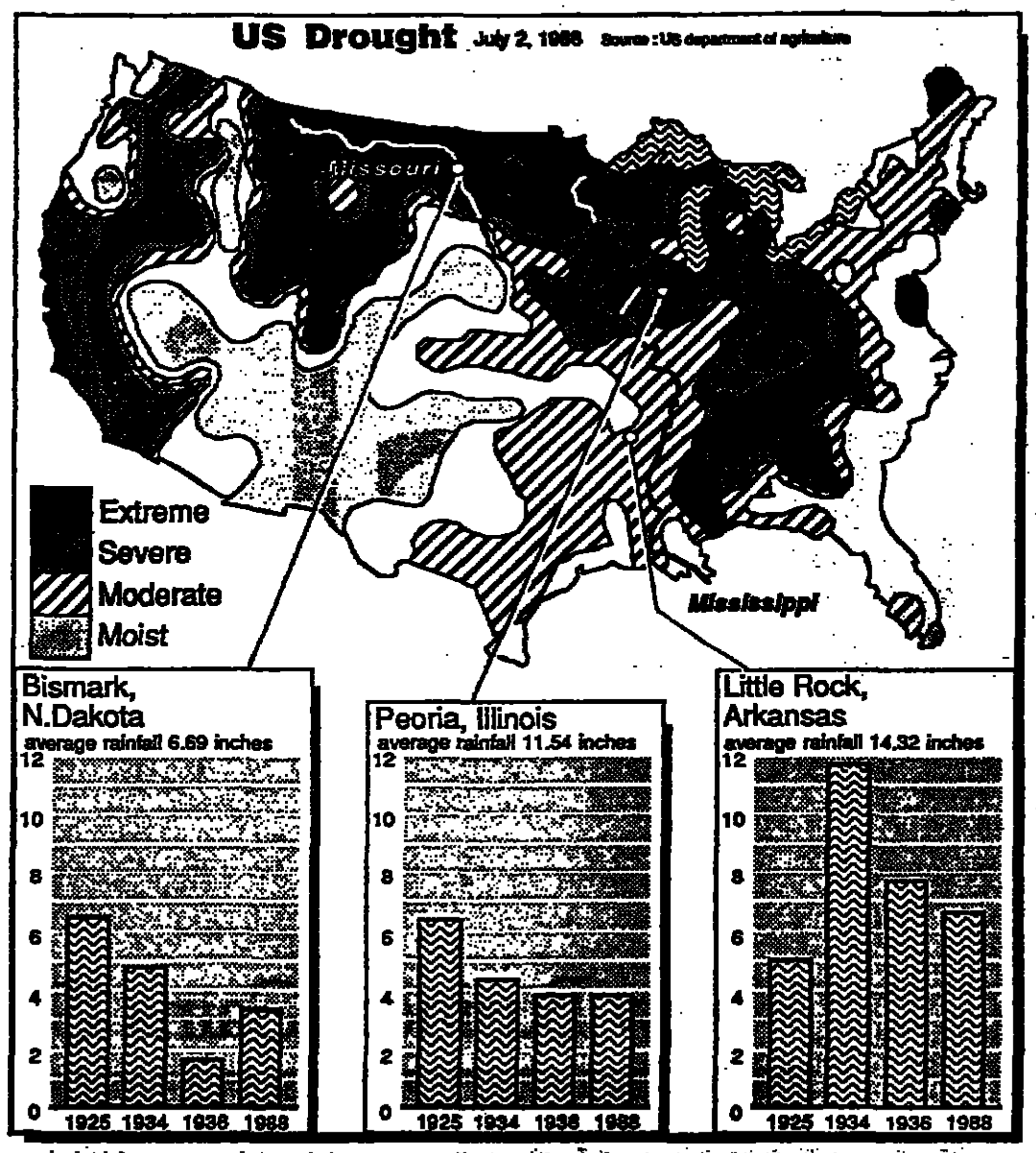
A report issued by the Administration's drought emergency task force describes the personal disaster of farmers in soothing Agriculture Department officialese: "The drought will result in a substantial redistribution of earnings. Farmers outside drought areas will reap higher incomes from higher crop prices. Farmers in drought areas will have reduced quantities of crops to sell and will receive smaller income support payments as a result of rising prices."

Election year politics are proving to be the farmers' most potent insurance scheme. Dozens of plans have floated through Congressional corridors, and Mr Richard Lyng, the Agriculture Secretary, has urged swift passage of a $5.5bn package of relief measures.

Foremost among the proposals is that farmers would not have to repay subsidies already received for crops they cannot harvest. The department's production subsidies, paid when prices are low, may be altered so that farmers receive cash even though prices have almost doubled since the beginning of the year.

Some generous congressmen have even suggested that farmers be allowed to buy crop insurance even though they did not sign up before the planting season. Land that has been made idle for conservation purposes may be opened for grazing, funds may be provided for emergency feed and water-saving schemes.

Still, the spirit of budgetary constraint is expected to prevail. Total agriculture spending will be limited to the $17bn budgeted for 1989 farm programmes. An estimated $4bn-6bn saved on production subsidies will be recycled to needy farmers.



Canadian Prairie crops hard hit

BY DAVID OWEN IN TORONTO

THE Canadian Prairies, like farmland south of the 49th Parallel, have been hard hit by the weather conditions.

A combination of heat damage and lack of moisture has badly hit crops of the six main grains grown in the region. In addition, scorched pastureland is continuing to force many livestock producers to consider liquidating their assets.

According to the most recent projections by United Grain Growers (UGG), a big farmer-owned co-operative, this year's Canadian grain crop is expected to total some 30m tonnes. This would be a sharp decline from the 46m tonnes harvested in the last crop year, ending July 31.

More than 55 per cent of last year's crop consisted of wheat, with barley accounting for a further 28 per cent.

Allowing for domestic consumption of some 16m tonnes, such projections presage Canadian grain exports of just 14m tonnes in 1988-89. This would be less than half 1987-88 exports.

While much still depends on the weather, actual exports may be lower still due to higher-than-anticipated domestic consumption, analysts predict. Livestock farmers who do not wish to liquidate their herds will, in many cases, be obliged to feed their animals grain rather than the usual fodder, they argue.

One of the consequences of the recent approval of a C$153m (£74.6m) government aid package for livestock producers in designated drought zones may be to encourage ranchers to do this.

Grain stocks, which stood at a comfortable 17.9m tonnes at the start of the current crop year, have also been drawn down to much lower levels. Grain elevators are running between 60 and 70 per cent empty, according to Canadian Wheat Board officials.

Among individual crops, spring and durum wheat are said to be among the worst hit.

Farm lenders fear that the lean years are not yet over

BY NANCY DUNNE

AMERICAN farm lenders are concerned that last year's agricultural recovery – made possible by a shower of federal dollars – will be aborted because of the drought.

Profitability returned to most midwestern farm banks in 1987 after a decade-long depression in the sector and farmers – who never really liked debt – were queueing up to pay off their loans.

Returns on assets for midwestern agriculture commercial banks rose to 1.05 per cent for the first quarter of 1988, up from 0.78 per cent for the quarter the previous year, according to the Federal Reserve Bank of Chicago. Credit quality improved and the number of non-performing loans as a precentage of total loans dropped sharply.

The picture is not as worrisome for the commercial banks, whose borrowers are well insured, as for the lending institutions in the borrower-owned Farm Credit System. The system, which has been rocked by financial problems in recent years, was the beneficiary last year of a $4bn federal bailout.

But it has been undergoing the most far-reaching restructuring in its 55-year history and is in no shape to absorb new losses if thousands of farmers go bust.

Two of the system's district land banks – in Minnesota and Kentucky – are deeply troubled and the regions they serve are among the hardest hit.

However, Mr George Irwin, an analyst with the Farm Credit Administration which regulates the system, is not convinced that either the US Administration or Congress, will allow widespread bankruptcies in an election year.

More than a dozen proposals have already been introduced in Congress with relief targeted ar the most troubled farmers. Other producers will compensate for their lost crops by selling off last year's surpluses at higher prices, he said.

The danger is greatest for the 118,000 deliquent borrowers in hock to the Farmers Home Administration, the government agency which is supposed to lend to the nation's poorest farmers. Last year the agency was forced by Congress to overhaul its lending policies and to restructure its borrowers' debts to save as many as possible.

The agency believed that about 65,000 of its debtors would be ruined, and that was before the drought began to bite. Thousands of others – unable to harvest crops, without crop insurance or stocks – may be unable to take advantage of new regulations which allow them to spread out payments and keep their land.

Worry seems least among commercial banks. Mr George Gregorash, an analyst at the Chicago Fed, recently surveyed banks in the hardest hit areas of his region. "The bottom line," he concluded, "is that farm bankers are much less panicky than the public."

The years of hardship have already shaken out most of the banks' most highly leveraged farmers, he said. In fact, the most endangered banks are also gone. The remaining farmers are considered to be conservative borrowers with little debt.

"Even if everything goes wrong and yields are down, those farm banks have built up tremendous reserves against bad loans," Mr Gregorash said.

Ranchers feel the pinch

MR BOB Campbell, who runs the feedlots for Bartlett Cattle Co in Kansas City, has cut back his cattle numbers to 60,000 this summer. "We planned on 83,000," he says, "but with the price of corn so high and cattle prices down – we're not prepared to take the gamble."

Mr Campbell, who fattens cattle in his yards for four months before selling them again, is seeing his margins squeezed this summer. The relentless drought that holds the Midwest in its grip has doubled maize prices and, by withering pastures, pushed the cattle price right down.

The vast US livestock industry has been the first to feel the effects of the crippling drought. Ranchers, who breed cattle – rather than just fatten them – are being worst hit.

Many ranchers have already been forced to sell part of their breeding stock for lack of grazing and feed, leading to a plunge in cattle prices. Others are struggling to hold onto cattle, foraging in stunted pastures.

Some cattle are being transported in trucks and trains in search of greener pastures at huge cost to their owners. One rancher who sent part of his herd from his dusty acres in Missouri to the lusher slopes of Colorado, paid $60,000 to move a truckload of animals – about 57 head of cattle.

"Farmers and ranchers will do everything they can to hold onto their herd," says Mr Campbell, "it's not just a capital investment but they have worked out the genetics in that herd, which takes many years."

Cattle prices have dropped by about $10 per hundredweight as hard-pressed farmers have been forced to sell part of their stock.

Cattle slaughter has been running about 5 per cent above last year's levels and will rise if the drought continues. This increase comes from an extremely low base level – at the beginning of the year the US beef herd, at 33m cows, was at its lowest point since 1964.

Pastures have deteriorated in this year's dry weather and the US Department of Agriculture estimates grazing conditions in the nation to be 68 per cent of normal – below the previous record low of 70 per cent during the Dust Bowl of 1934.

The USDA is providing some ranchers with emergency feed assistance and is considering help with transport costs to find pasture and water for the thirsty cattle. The government has also allocated $50m for bulk beef purchases for domestic food assistance programmes and extended credit to Mexico to buy beef from the US.

The glut of beef on the market is expected to push down retail prices this summer and could keep them low in the autumn months depending on the severity of the drought. However, prices next year could rise substantially as cattle numbers remain lower than expected as it takes several years to rebuild a herd.

Deborah Hargreaves

Futures hang on a word from Foggy

WEATHER forecasters have been elevated to the status of gurus by traders in Chicago's rumour-ridden commodity markets while the weather remains the only drive behind skyrocketing grain prices.

At the Chicago Board of Trade, where commodities are bought and sold for future delivery, traders are obsessed with any hint of a break in the drought.

Private weather forecasters abound in the cornbelt and weather tips are traded as closely as futures contracts.

The rains, when they come, will send the grains into a tailspin – as was shown by a flurry earlier this week – and traders are anxious not to be caught out. Private forecasters will charge large sums of money to give them an edge in the market.

"We're very confused and nervous about the weather forecast," one bewildered grain trader shouted from the trading floor of Chicago's major commodity market last week. The soyabean futures price oscillated wildly as hysterical traders sparred over conflicting weather reports.

An hour before the market closed, Tom Skilling, a popular Chicago TV meteorologist, forecast rain again and the soyabean market plunged to close down on its daily limit.

Those traders who followed their own forecasters, who saw no rain early last week, were set to make huge profits by buying beans in a plunging market because the value of their holdings rose the following day.

One of the most popular weather forecasters in Chicago is the breezy Mr Earl Finckle who, as well as appearing on a local radio station, runs his own forecasting firm, Central Weather Service. A word from Mr "Foggy" Finckle can send grain prices plummeting and cut traders' profits by millions of dollars.

"It's madness," laughs another busy forecaster, the aptly-named Mr Harvey Freese, "they may call me two to three times a day to see how things are shaping up." Mr Freese says he never wants to know if millions of dollars are at stake. "I just try to remain professional and tell them what I see."

Last Tuesday Mr Freese, who works at Freese-Notis Weather in Des Moines, Iowa, was at odds with the National Weather Service. "I think rain is very unlikely," he says, "but when you're working on a six to ten day forecast, a degree of art is involved as well as science, and we've been following this thing for a long time."

The private forecasters who predicted a continuation of the hot dry weather were proved right last week (if wrong at the start of this week) and the market rallied in response. But traders are fickle and in spite of paying their forecasters $800 to $3,000 a month in fees, they often believe the National Service.

"The private forecasters are more mercurial and prone to quick changes," says Mr Vic Lespinasse, a grains trader with Dean Witter in Chicago. "Deep down people regard the National Weather Service as more reliable."

That doesn't stop the highly superstitious traders from consulting their forecasters in the same way they would consult an astrologer. "We like to think there's a bit more science to it than looking at the stars," quips Mr Freese, "but that's what you might as well do some days."

Deborah Hargreaves

US 'can meet Soviet needs'

THE drought had little effect on the outcome of the US Soviet grain talks in Vienna last week, according to US trade representatives involved in the negotiations. "It was prices and the quantity which were the two main sticking points and which prevented an agreement," a US delegate attending the talks said, adding that the US still had adequate stocks to meet the Soviet requirements.

Under the current grain agreement which expires on September 30, the Soviet Union is committed to buying 8m metric tonnes of US corn and wheat and an additional 1m tonnes of grain, including 500,000 tonnes of soya beans each year from the US.

Even if the Soviet Union agreed to import more grain, which the US delegation was pressing for during the Vienna talks, grain experts have said most stocks were "adequate".

Corn stocks total 4.2bn bushels. Before the drought, 7.3bn bushels of corn was expected from this year's harvest. This has since been revised to around 5.5bn bushels.

Judy Dempsey

Spectres of the dustbowl that haunt US economy

BY ANTHONY HARRIS IN WASHINGTON

DESPITE THE RAINS of the last few days, and the further rain forecast for the next week, the drought of 1988 is now more or less an accomplished fact. The corn crop is already heavily damaged, and up to half may be lost; the soybean crop is still very much at risk, and there is a severe shortage of other fodder crops. US stocks of grains and soybeans are forecast to fall by nearly half next winter, to their lowest levels for very many years; and the $5bn estimate for the cost of the drought relief package now being put together with White House support in Congress is likely to be exceeded.

Yet it is still true to say that whatever happens over the rest of this summer the drought could prove a one-year wonder. However, if a dry summer is followed by a dry winter (and the outlook, according to climatologists, is poor) the implications could become serious. If a second severe drought follows within a couple of years, on the pattern of the 1930s, then the US could be facing an important financial and policy crisis.

It is reasonable to be calm about the outlook for 1988 because the drought is a local event, affecting the US and Canada, but few other producers. World crop prospects are still good to very good in all the staples. US reserves could be rebuilt very quickly, given anything near normal weather, simply by bringing back into production the land laid aside this year in an effort to reduce surpluses. Average farm income could even improve this year, through a combination of higher prices, large profits on farm-owned reserves, and drought relief payments.

The effect on retail prices in the second half of this year and the first half of next, estimated at only about 1 percentage point, would subsequently be reversed; the time lags here appear to be rather short, since some food prices are already rising in anticipation of higher commodity replacement costs.

The only likely long-term effect is on meat prices, which are down at the moment, but will be higher for some years, because herds, including breeding stock, have been slaughtered because of feed scarcity.

The effect on the US trade balance – some $14bn of exports appear to be at risk this year – would be equally trivial and temporary. The federal budget balance will probably not be affected at all. The government will save up to $8bn on price support payments this year, and spend most of it on drought relief. It will also make a profit which cannot be predicted at this stage on sales of grain held in reserve at prices far above cost, which under US fiscal accounting rules will reduce the 1989 deficit.

However, it will take a wet winter and a normal summer next year to confine 1988 to the footnotes. One reason why drought is having such a sharp effect is that soil moisture reserves were already well below normal before the hot weather set in.

If the whole region becomes relatively arid, then more conservation will be needed and land values will be

If a second severe drought follows, then the US could be facing an important financial and policy crisis

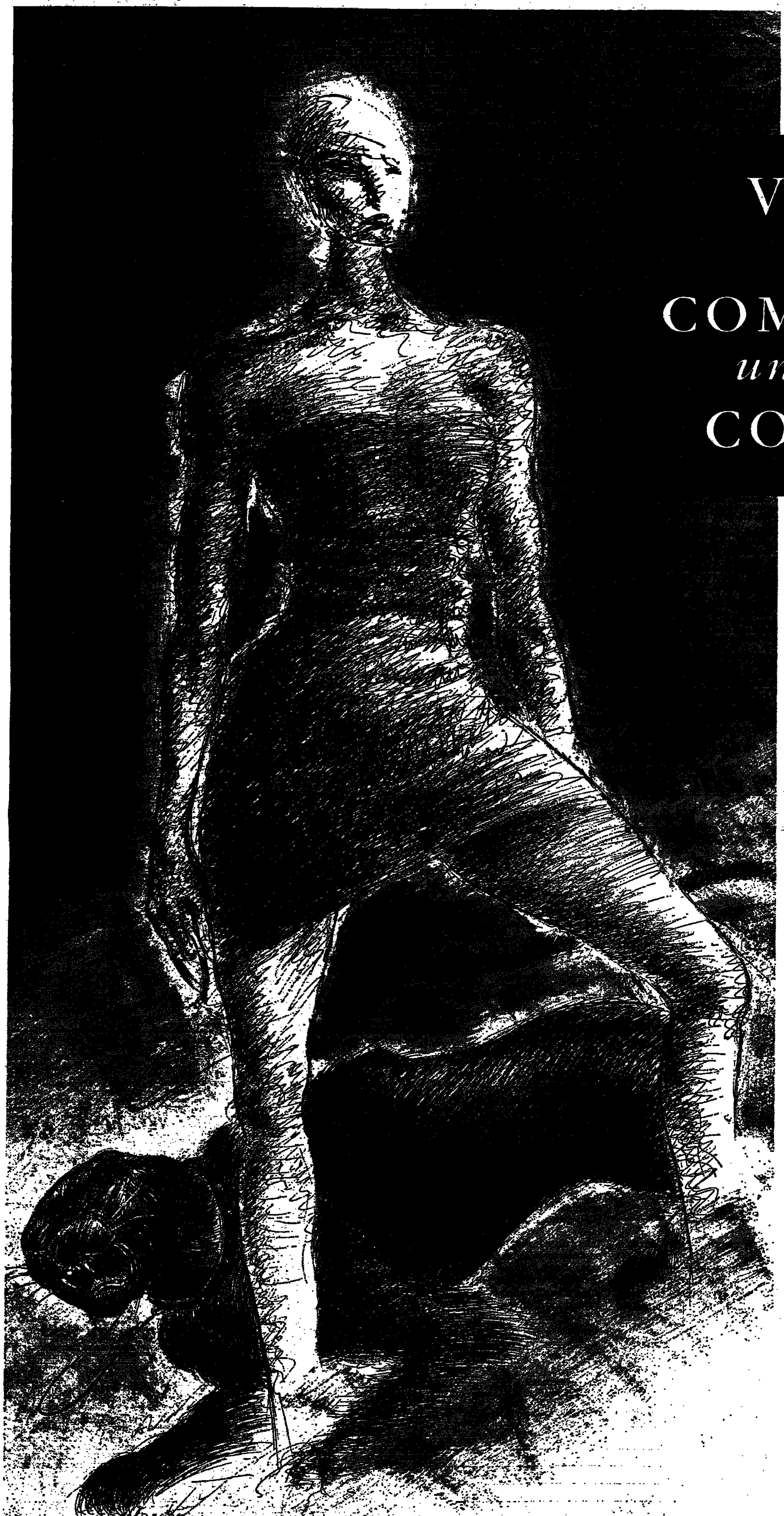
depressed. This would cause a renewed and obstinate financial crisis for farmers and the banks which supply them with loans.

Washington is also paying serious attention to a much more worrying possibility – that the 1988 drought is part of a long-term climatic change, the "greenhouse effect. This would imply not only warmer average temperatures, but persistently hot, dry conditions in the mid-continental areas which have suffered this year, and possibly also reduced winter snowfall, the source of reserves of soil moisture.

Scientists have forecast this global warming, due to rising levels of carbon dioxide and other gases in the atmosphere, in many long-term warnings. But chief climatologist has told Congress that he is 90 per cent certain that the warming has already begun. Nasa's judgments are taken very seriously, and Governor Michael Dukakis has already said that one of his first acts if he becomes president would be to convene a world conference on the subject.

The measures which scientists suggest to check the greenhouse effect are pretty drastic – worldwide limitations on the use of fossil fuels, a new drive for nuclear energy, forest conservation and afforestation on a large scale, and, of course, restrictions on water use.

Even at this early stage, a bitter dispute has arisen between the states bordering the Great Lakes on a proposal to divert some lake water down the Chicago River. It is only too easy to imagine the arguments between sovereign nations that could arise in the great river basins of Africa and Europe. It is lucky that, even according to the pessimists, we still have some years to confront these problems.



UK 'in muddle' over single market plans

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

BRITAIN is approaching the introduction of the single European market with a "deadly combination of lofty optimism and inadequate preparation", Mr Bryan Gould, Labour's trade and industry spokesman, claimed yesterday.

Mr Gould, speaking at Westminster, said that Britain was lagging pitifully behind its chief rivals in waking up to the realities of 1992 and was in danger of becoming a "perennially depressed region in a greater European economy".

He said that while the West Germans and the French were poised to exploit the internal market to the full, British industry had contented itself with "airy optimism and little else".

Mr Gould claimed that fewer than one businessman in 100 could name more than a handful of almost 300 detailed measures which the EEC Commission will impose in order to implement the internal market.

He added: "Apart from slogans on billboards, there is little evidence that the Department of Trade and Industry has worked jointly with industry, sector by sector, so that industry understands what it is in for and so that our political representatives in Brussels have a hard-headed appreciation of what we want, and don't want, to emerge."

Mr Gould said the price for Britain's attempt to "muddle through" would be a high one.

Bryan Gould: high price to pay

The real damage would arise as a single European economy moved closer, with productive capacity concentrating in the most productive regions, leaving the remainder of the Community as a depressed periphery.

He said that if Britain wished to avoid the heavy economic penalties incurred by its complacency the Government had to start ensuring that the economy was in shape to attract and sustain the investment and new capacity which was required to remain competitive. That meant rejecting an unsustainable, North Sea-financed consumer boom and, instead, preparing for a long-haul investment in new skills, new technologies and new knowledge.

Takeover controls backed

BY RICHARD DONKIN

MR JOHN BANHAM, director-general of the Confederation of British Industry, yesterday placed himself squarely in the European camp in reinforcing his support for European takeover controls.

He told members of the American Chamber of Commerce at a lunch in London that to cope with the new competitive environment of 1992 it was essential for the European Commission to have responsibility for competition policy and the control of cross-border mergers.

While supporting in principle the proposed European merger regulation he singled out reciprocity, particularly with respect to bids from companies outside the EC, as one of the elements that needed to be addressed.

First generation nuclear power station to be closed next year

BY DAVID FISHLOCK, SCIENCE EDITOR

A £300m demolition task will begin next year, to raze of one Britain's first commercial nuclear stations, at Berkeley in the west of England, and restore it to a greenfield site.

The Central Electricity Generating Board said it had taken a purely commercial decision to close Berkeley nuclear power station three years ahead of earlier expectations.

"Berkeley is not being closed because it is unsafe", said Mr Bryan Edmondson, CEGB director of nuclear operations.

It is being closed because the cost of its electricity is twice the average for its family of Magnox stations, of which it now has the smallest output.

By the end of the century the 16 ha Berkeley station is expected to be reduced to two 21-metre concrete cubes.

The CEGB also announced that its Bradwell nuclear station in Essex, east of London, which is of the same size and vintage as Berkeley, is expected to remain in service until 1992.

The difference between the two stations – both commissioned in 1962 – is that Berkeley has been hampered for several years by operating restrictions which have set a ceiling on its output of about 200 MW, while in practice it has been operating at only about half this figure.

Bradwell, in contrast, has an output of up to 245 MW.

Lord Marshall, CEGB chairman, said the Magnox stations other than Berkeley "have years of service ahead, and will save the electricity consumer hundreds of millions of pounds over that time."

All nine British commercial Magnox stations were amortised over 20 years, and all but the last – Wylfa in north Wales – have paid off their capital investment.

The CEGB has decided that for the same investment of about 40 man-years of skilled effort required to refurbish Berkeley for a further three or four years of service, costing several million pounds, it could get a much better economic return from some of its bigger nuclear stations.

Three of the newer stations, all with a potential output exceeding 1,000 MW, have been seriously under-performing.

As a result nuclear power accounted for less than 10 per cent of CEGB electricity last year, compared with 16.4 per cent the previous year. It is believed to have cost the board hundreds of millions of pounds.

Lord Marshall said he was still not happy with the performance of the Dungeness B, Hartlepool and Heysham 1 advanced gas-cooled reactors, at a time when the CEGB is trying to write a prospectus discussing future performance for prospective shareholders.

He said he did not believe the problems were fundamental, but they required the same kind of skills needed to improve Berkeley's performance, and time to satisfy safety authorities.

The same skilled effort invested in an AGR station could yield hundreds of extra nuclear megawatts.

Fuel policy challenge rejected

SUGGESTIONS that the public inquiry into plans for Britain's second pressurised water reactor should be used to challenge government policy of reducing reliance on fossil fuels were rejected yesterday by the Central Electricity Generating Board.

Lord Silsoe, leading counsel for the board, argued that comparing the costs of coal-fired and nuclear-generated electricity should play no part in the inquiry into the proposal to build a third power station at Hinkley Point in the west of England.

He told a pre-inquiry meeting that the board did not intend to submit evidence on coal and nuclear cost comparisons and would not be answering questions or agreeing to provide objectors with information on the subject. The inquiry is due to start on October 4.

Lord Silsoe said that despite an offer to the inquiry from British Coal to provide fuel cost projections, there was no need to invite that evidence to be given.

Mr Michael Barnes QC, the inquiry inspector, has already ruled that evidence on cost comparisons will be admissible.

Opponents of Hinkley Point C intend to argue that the cheapest way of meeting future electricity demand is to build another coal-fired station.

Lord Silsoe said the Government's diversification policy had been strengthened by a commitment to a minimum percentage of non-fossil fuel capacity when the electricity supply industry was privatised. New nuclear plants were necessary to replace the ageing Magnox reactors.

Opposition groups called at the pre-inquiry meeting for Mr Barnes to reconsider a decision not to appoint a counsel to the inquiry to ask questions on behalf of the inspector and objectors.

Max Wilkinson writes: The Government was urged yesterday not to repeat the mistake it made when selling British Gas by ensuring that all of the electricity market after privatisation was subjected to the authority of the regulator.

In a discussion paper on energy privatisation Dr Catherine Price of Leicester University says that in its approach to electricity privatisation there are several other lessons to be learned from the earlier sale of the gas industry.

These included the need to allow adequate time for public discussion of the regulatory regime and the need to apply an overall restraint on price rises without limiting the scope for raising particular tariffs.

She points out that the decision to exempt the industrial sector of the gas market from regulations was followed swiftly by a dispute between British Gas and Sheffield Forgemasters, which was referred to the Monopolies Commission.

"The referral suggests that the degree of competition in the industrial market has been over-estimated."

British Coal seeks write-off of debt

By Maurice Samuelson

BRITISH COAL yesterday asked for its debts to be written off so that it could operate on a financial footing similar to that of other state-owned concerns.

Despite an operating profit of £216m the corporation reported a loss of £540m last year as a result of heavy interest charges and the costs of rationalisation.

Sir Robert Haslam, chairman, said yesterday that the industry was "marginally ahead" in the first quarter of the present year in its progress to break even and was "poised on the brink of success."

But he added: "It is a perverse feature of our affairs that the more virtuous we are in accelerating the restructuring process, the worse our performance and cash flow appear to those outside the industry."

The £368m interest charges paid primarily to Government were a "formidable burden". The corporation had no equity capital, and was funded by loans which had to be repaid at high interest rates despite the current adverse market.

This was "effectively an obligatory dividend, a not inconsiderable handicap in meeting the challenge of our international competitors."

The report said that the industry's financial structure was "quite inappropriate" for a business operating in the international commodity market of coal, where there were substantial variations in trading conditions.

In Whitehall, ministers were said to sympathise with Sir Robert's plea, and would consider legislation for a restructuring once the corporation had broken even and its bulk contracts with the privatised electricity industry had been worked out.

Correction

Empire Futures

IN AN article on futures brokers yesterday we said that Empire Futures had merged with a subsidiary of Sturge Holdings. In fact it merged with C Sturge, which has never been part of Sturge Holdings.

Packaging industry wary of drive for cleaner environment

MAGGIE URRY examines fears of trade restraints after European moves to limit environmental damage caused by discarded packaging

CONTROVERSY has arisen over proposals by some European Community countries to limit damage to the environment caused by packaging such as beer cans and plastic soft drinks bottles.

People in the packaging industry are suggesting that these proposals are covert attempts to erect trade barriers.

The argument is best illustrated by the Danish ban on non-refillable containers for beer and soft drinks.

At first sight, that appears a good way to prevent Danish parks and picnic sites becoming as littered with empty cans and plastic bottles as those in Britain.

However, because cans and plastic bottles are used in preference to glass by exporters, the rules have had the effect of preventing brewers from exporting beer to Denmark in the most suitable containers. Danish brewers themselves export their beer in cans.

The European Court of Justice is considering whether the Danish ban is against the EC's rules on the free movement of goods.

Packaging companies fear that the advent of the single European market may even make things worse if countries become more determined to build non-tariff barriers.

Mr Ron Cook, environmental manager for United Glass, the glass company, argues, "The introduction of the Single European Act will increase the danger of restrictions based on environmental factors, which in practice may prevent the use of particular packages."

The packaging industry is worried that a directive from the European Community on beverage containers will be used by member countries to the same effect.

The directive, issued in June 1985, required member countries to propose plans with the aims of reducing the impact of beverage containers on the environment, and of reducing their energy and raw material consumption.

Individual countries would decide how to achieve the aims through methods such as economic recycling, re-use and more efficient production.

Not all the programmes have been submitted yet, but as Mr David Perchard, a consultant on food, drink and packaging, says, the directive is "so broad that every member state could find in it justification for the particular policies it wanted to pursue."

Metal Box, a leading UK maker of cans and plastic bottles, argues that it is "concerned about the use of the beverage directive as a technical barrier to trade."

Both Ireland and West Germany seem to be following Denmark's attitude to cans and plastic bottles. Ireland's original proposal under the directive, which has not been accepted by the EC, was to ban cans and PET (polyester terephthalate) bottles for beer, cider and wine. It is suggested that the can ban was to prevent retailers obtaining cheaper, imported beer.

West Germany is proposing to put a deposit on all plastic bottles of 50 pfennig (16p) and to require distributors to guarantee to recycle them. The Industry Council for Packaging and the Environment (Incpen), a UK trade group, says this would in effect be "a complete curb on the possibility of French, Belgian and Dutch mineral water and soft drinks bottlers entering the German marketplace."

Packagers' hopes rest on the Danish case. A ruling is expected by October and is thought likely to follow the Advocate-General's recently published opinion which went against Denmark.

If the court agrees and ends the Danish ban, the European Commission may take a tougher line on other attempts to restrain trade.

There is, however, another problem for UK packaging groups. The British programme to implement the EC directive is largely based on voluntary efforts to increase the reclamation of waste in an economic manner.

However, attempts to increase recycling rates are only slowly succeeding.

Britain reaps low return from space agency contributions

BY PETER MARSH

BRITAIN has gained less value from its contributions to the European Space Agency, in terms of industrial contracts, than all but two of the agency's 13 members, according to a new study.

An analysis of figures in the study shows that over the past 15 years UK companies and research establishments have won contracts worth Ecu837m (£552m) from the Paris-based agency. That equals 59 per cent of the Government's Ecu1.4bn contribution to ESA over that period.

All the other nations in the agency except Switzerland and Norway showed a higher percentage in industrial returns from their contributions.

The figures for all 13 members show that 73 per cent of the cash that governments contributed to ESA between 1972 and 1987 has been translated into contracts for industrial groups in member nations. The balance has funded work carried out at ESA's three technical establishments or by industry in non-agency countries such as the US and Canada, as well as administration.

The figures are contained in the latest edition of the European Space Directory, an annual report published in France. To some degree they back up the UK Government's contention that Britain gains relatively little from the funds it provides ESA.

In the past year, Britain has refused to increase its spending on agency projects along lines proposed by other members, gaining much unpopularity among other countries.

Last year the UK spent £91m on ESA projects. That is expected to rise only marginally this year.

However, the figures can also be interpreted as supporting the notion that those countries which contribute most to ESA gain most in terms of domestic contracts.

France and West Germany, ESA's two biggest paymasters, are significantly higher than Britain in the league table for industrial work.

Over the 15 years, 84 per cent and 69 per cent of those two countries' contributions were returned in the form of work for French or German companies and research centres.

European Space Directory 1988. Sevig Press, 5 Rue Alexandre Cabanel, F-75015 Paris. FFr 725.

European Space Agency contracts 1972-87

	Total govt spending	Industrial contracts	Ind contracts as % of govt spending
France	2,838	2,384	84
Netherlands	327	245	75
Denmark	120	89	75
Austria	27	20	74
W Germany	2,256	1,560	69
Belgium	366	233	64
Spain	271	172	63
Ireland	11	7	63
Sweden	213	127	60
Italy	1,180	705	60
Britain	1,428	837	59
Switzerland	200	105	52
Norway	27	13	48

All cash in millions of Ecus

Ex-Guinness chief faces two further charges

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR ERNEST SAUNDERS, former chairman and chief executive of Guinness, the international drinks group, has been charged with two more criminal offences arising out of the Guinness take-over of its fellow drinks group Distillers.

The new allegations, which bring to 42 the number of charges Mr Saunders faces, relate to a payment by Guinness to the Henry Ansbacher merchant bank in connection with the acquisition of 2,150,000 Guinness shares.

The case against Mr Saunders and six other leading City of London figures was adjourned by Bow Street magistrates court, London, on Monday until September 26.

The prosecution hopes then to have the case transferred to the Old Bailey, without there being a committal hearing before the magistrates court.

The provisions for transfer are contained in amendments to the 1987 Criminal Justice Act due to be considered by the Lords on July 22.

Bow Street court was told on Monday that it was expected that the regulations relating to transfer would be in place by mid to late September.

Mr Saunders was charged with the new offences on Monday. They allege that he: On or about May 6, 1986, at a time when a person was acquiring or proposing to acquire 2,150,000 shares in Guinness (subsequently registered in the name of Down Nominees Ltd), knowingly and wilfully authorised or permitted the giving of financial assistance by Guinness, namely the payment by way of loan of £7,614,682 10p to Henry Ansbacher and Company, for the purpose of enabling Henry Ansbacher to fund the acquisition and on terms which included the following:

(a) that Guinness would not be entitled to demand repayment of the loan until such time as the 2,150,000 shares had been sold and Henry Ansbacher had been indemnified in respect of any costs incurred in relation to the acquisition, holding and disposal of the shares; and

(b) that no interest would be payable on the loan by Henry Ansbacher to Guinness;

such financial assistance being given directly or indirectly for the purpose of that acquisition before or at the same time as the acquisition took place.

On or about the same date, at a time when a person or persons had acquired 2,150,000 shares in Guinness (subsequently registered in the name of Down Nominees), knowingly and wilfully authorised or permitted the giving of financial assistance by Guinness, namely the payment by way of loan of £7,614,682 10p to Henry Ansbacher, for the purpose of enabling Henry Ansbacher to discharge the liability and on the same terms as those in the first new charge.

Lawyers fail to get clear lead for reforms

By Hazel Duffy

A REPORT yesterday into the future of the legal profession, failed to give the Government a clear lead on eliminating restrictive practices and introducing more competition into legal services.

The majority of the committee reporting under Lady Marre recommended that solicitors' rights of audience should be extended to all Crown court cases. Currently they have the right to appear before such courts in a few cases only. The recommendation was not supported by the five barristers and one independent member of the committee.

A statement by the Bar Council said such a move would mean "a steady drift towards fusion" of the two branches of the profession, which the committee had declared it did not favour.

Two thirds of the committee, set up by the Bar and the Law Society in April 1986, was drawn from the legal profession. The remainder, including Lady Marre, the chairman, were lay members.

Lady Marre said yesterday that the report gave the profession "opportunities to change in ways that are sensible and gives them the chance to be really effective in the future while maintaining standards of independence."

The report said the question of whether solicitors should be able to take other professionals into partnership should be deferred until the Law Society had completed its examination of the issue.

Sir Gordon Borrie, Director-General of Fair Trading, feels that mixed partnerships would provide a better service to the public. He was not available for comment on the report yesterday.

Mr John Warne, secretary of the Institute of Chartered Accountants, and a member of the committee, said it would have been difficult for the committee to have taken a firm view on mixed partnerships because resolution of the issue would have to involve other professions.

The report was "not perhaps revolutionary", but it could have far-reaching effects, he said.

Editorial comment, Page 14

Guinness appeals against ruling

BY OUR LAW COURTS CORRESPONDENT

GUINNESS yesterday challenged the High Court's rejection in March of its claim that the Takeover Panel acted unfairly when it made a ruling that might oblige Guinness to pay an estimated £100m to former shareholders of Distillers.

Last September the panel ruled that in the closing stages of the £2.7bn battle between Guinness and Argyll Group for Distillers, Guinness breached the City's takeover code by its involvement in a concert party purchase of 10.6m Distillers shares.

The price paid for the shares was substantially higher than the cash alternative in Guinness's offer. The code requires all shareholders in a target company to be treated equally.

The panel ruled that there was no doubt that Pipetec, a company owned by Bank Leu, a Swiss bank, had been acting in concert with Guinness when it bought the shares for nearly £76m.

In the Court of Appeal yesterday Mr David Oliver, for Guinness, said that there had been prima facie evidence that could have led the panel to that conclusion. However, he questioned the "wisdom, safety and fairness" of using it against Guinness when key witnesses had not been available to give evidence.

He said that one consequence of the panel ruling was that Guinness might have to pay former Distillers shareholders "absolutely vast" sums of money – estimated at as much as £300m but put by Guinness at £100m or maybe much less. Guinness also faced litigation "on an enormous scale" with Argyll.

The evidence from the panel inquiry, said Mr Oliver, "leaves one absolutely clueless" as to precisely who was responsible for the alleged concert party, or how blame should be apportioned.

At the moment there was no way of deciding whether the entire liability was Guinness's or whether it should be shared with Cazenove, the stockbroker, or Morgan Grenfell, the merchant bank, or Bank Leu.

Mr Oliver said that Guinness did not dispute the panel's right to investigate a takeover bid while the bid was in progress, but in the present case there had been no bid in progress.

The alleged concert party took place on April 17 1986. The panel's executive began an investigation in May last year and the matter came before the full panel last September.

Guinness complained that the panel had made its decision on inadequate evidence; had refused to adjourn the matter until after publication of a report by Department of Trade and Industry inspectors investigating the Guinness affair; and had refused to give Guinness more time to prepare its defence.

The appeal continues today.

British Gas directors took 40% pay rise

BY MAX WILKINSON, RESOURCES EDITOR

DIRECTORS of British Gas awarded themselves a 40 per cent pay rise in the first year after privatisation and they gave the chairman, Sir Dennis Rooke, a 68 per cent increase to £184,000 a year, the annual report revealed yesterday.

The non-executive directors agreed to raise their fees by 28 per cent to £9,000 a year.

At the time of privatisation in December 1986, it was said that top salaries in the corporation would move more into line with those elsewhere in the private sector. However the steepness of the increase drew protests yesterday from the Labour Party who described it as part of a conspiracy by state industry chairmen who had seen salaries double and treble after privatisation.

Sir Denis's rise of £74,000 will be particularly valuable as a result of the cut in top rates of income tax from 60 per cent to 40 per cent announced in the last Budget. His total increase in take-home pay this year is likely to be around £55,000 per year or more than £1,000 per week.

The latest survey on top salaries by the British Institute of Management shows that the average rise in basic pay for chief executives between 1987 and 1988 was 12.9 per cent.

Piper Alpha clean-up faces a long haul

BY MAURICE SAMUELSON

CONDITIONS on the crippled Piper Alpha oil rig deteriorated yesterday as the funeral for the first of the 166 victims took place in Aberdeen and two more bodies were found on the sea bed.

With gales threatening the remnants of the blazing platform, fears rose that the clearing-up operation could run into months, costing many millions of pounds.

It was announced that a further two wellheads were ablaze, making a total of five. Meanwhile, two drilling rigs were being moved in to try to stem the leaking wells by drilling emergency wells.

Occidental had originally said relief wells would be sunk only if efforts by Mr Red Adair and his team to cap the existing wells were unsuccessful. According to Occidental, Mr Adair still hoped to attempt the cappings, but the drilling ships were being moved in as a parallel measure. As many as six emergency wells might be needed and drilling could take as long as six weeks.

In a separate development, Texaco, whose Tartan platform is less than 15km from Piper Alpha, said it was sending £500,000 to the disaster fund set up by the Lord Provost of Aberdeen. It was also offering Occidental "every assistance possible".

GRANVILLE SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
230	185	Ass. Brit. Ind. Ordinary	230	0	8.7	3.8	8.6
230	186	Ass. Brit. Ind. CULS	230	0	10.0	4.3	
40	25	Armitage and Rhodes	36	0	-	-	-
57	40	BBB Design group (USM)	40	0	2.1	5.1	6.4
162	155	Bardon Group	160xd	0	3.3	2.1	22.5
114	100	Bardon Group Conv. Pref.	114	0	6.7	5.9	-
148	137	Bray Technologies	140	0	5.2	3.7	10.2
111	100	Bremhill Conv. Pref	111	0	11.0	9.9	-
278	246	CCL Group Ordinary	278	0	12.3	4.4	4.2
151	124	CCL Group 11% Conv.Pref	151xd	0	14.7	9.7	
151	129	Carbo Plc (SE)	143	-2	6.1	4.3	9.2
112	100	Carbo 7.5% Pref (SE)	109xd	0	10.3	9.4	
283	147	George Blair	283	+1	3.7	1.3	7.8
94	60	Isis Group	94	0			
118	87	Jackson Group (SE)	112xd	0	3.4	3.0	12.4
340	265	Multihouse NV (AmstSE)	295	0	10.4	3.5	11.7
106	40	Robert Jenkins	106	0	7.5		2.4
360	124	Scrutons	360	+2	8.0	2.2	32.7
221	194	Torday & Carlisle	221xd	+1	7.7	3.5	7.7
96	56	Treidan Holdings (USM)	89	-2	2.7	3.1	9.6
111	100	Unistrut Europe Conv Pref	111	0	8.0	7.2	
292	203	W.S Yeates	292	0	16.2	5.5	7.9

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MANAGEMENT: Marketing and Advertising

Selling French yoghurt in Japan

A hard lesson to swallow

Stefan Wagstyl reports on BSN's persistence in a confusing market

McDONALDS sells mountains of hamburgers in Japan, and Coca-Cola does the same with its ubiquitous product.

BSN, the French food group, thought it could follow suit with yoghurt. But eight years after it started, BSN is still struggling to break even on the venture.

The company's original heady ambitions have disappeared in losses which have totalled more than the original capital investment of Y2.5bn (£11.1m). Instead, the group is clinging to the modest hope that the project will make a profit by 1990.

BSN's experience is a lesson in the difficulties of putting into practice one of the most popular theories of international marketing – the globalisation of taste. This teaches that as consumers' lives in industrialised countries increasingly follow similar patterns so the goods they buy are often the same, and that it is therefore worth marketing them in similar ways in different countries.

The theory's chief proponent at BSN was Pierre Dupasquier, head of the dairy products division, which markets BSN's Danone brand. He once said in a Financial Times interview that his models were McDonalds and Coca-Cola. But his failure in Japan led to Dupasquier's sudden departure from BSN in 1984.

BSN learnt the hard way that despite the theory of globalisation, the differences between markets matter as much as the similarities – not least in the case of Japan. In particular, it discovered that market research, the time-honoured way of assessing a new market, can provide useful data in one country but can produce misleading conclusions in another.

"I agree with globalisation, but it's very much more difficult to carry out than it sounds," says Robert Dahan, BSN's current chief representative in Japan.

The irony is that BSN did many things right. It approached the Japanese market very slowly – making its initial studies in 1969. It took great care in choosing a local joint venture partner: Ajinomoto, a diverse sauce and foods company with previous experience of such ventures with foreign food companies. Dahan says it would have been suicidal to go it alone in Japan.

However, the crucial mistake was to mis-read the market. BSN assumed that there was enormous potential because yoghurt consumption per head in Japan was only 10 per cent of the figure for France. Japan already had a highly competitive yoghurt industry – but this concentrated largely on making yoghurt drinks – not foods.

Solid, Western-style yoghurts accounted for just 25 per cent of the market. So BSN thought it could carve out new markets by introducing new types of yoghurt – especially desserts and fruit-flavoured petit suisse cheeses.

For six months it flew in supplies from France for a painstaking market survey. Dahan says the results were "superb"; opinion polls showed Japanese customers were delighted with Danone yoghurts. BSN drew up forecasts of sales growth ranging from a low of 20-30 per cent a year to well over 100 per cent. The venture was forecast to make profits in three-and-a-half years.

The dream went sour within 12 months. Dahan admits that sales were running at only a fifth of projections.

For the following two years BSN continued to hope that things would go right – despite increasingly insistent complaints from Ajinomoto that the projections were out of touch with reality. Things came to a head in 1984. "There was a big conflict," says Dahan. Dupasquier quit.

According to Dahan, there were three reasons behind the failure. The first was that the initial market surveys were misinterpreted. Following the theory of global marketing, the questions posed to Japanese consumers were the same as those asked in other countries. The answers were then assessed by the same, European-designed, criteria.

But, says Dahan, this ignored the fact that the Japanese are much more polite than Europeans – even in opinion polls. "They'll say they like a product, even if they think it's bullshit. But they won't buy it again."

A simplistic faith in the potential of globalisation accounted for the mistake, says Dahan. "The attitude was that the research was right and the market was wrong." The next error was to believe that the survey had indicated that there was a vast Western-style yoghurt market waiting to be discovered in Japan.

In fact, says Dahan, it turned out that Japanese consumers are much less discriminating about different kinds of Western-style snacks than are Europeans. In Europe and the United States, says Dahan, consumers buy different snacks for different reasons – so yoghurts, for example, which have an image of being fresh and healthy, are never confused with biscuits, which are thought of as fattening.

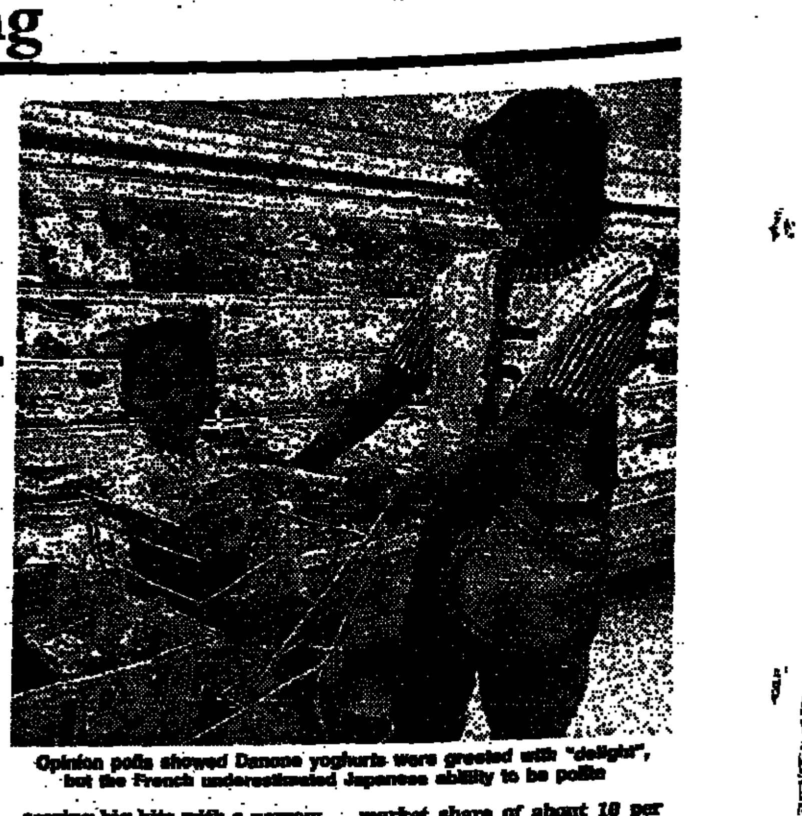
In Japan these segments are inter-meshed, says Dahan. When it comes to Western foods, Japanese consumers do not have well-established preferences, but they are inundated with advertisements urging them to buy them. So Japanese shoppers slide without much thought from yoghurt to other foods.

Not surprisingly they switch easily from traditional Japanese drink yoghurts to Danone's desserts and back again. As a result, Danone found that its yoghurts sold well whenever they were heavily promoted – but sales slipped as soon as the backing disappeared. "What we had was not a new market but a temporary shift in market segments."

So instead of striding into virgin markets, BSN found itself slugging it out in well-trodden territory with the three leading Japanese yoghurt makers – Meiji Milk, Yakult and Morinaga Milk. "We miscalculated. We brought in a food alongside their beverages without realising it was the same market."

Today Ajinomoto-Danone is having to follow a policy of gradual growth. The hope of scoring big hits with a narrow selection of products was abandoned in 1984 – instead the joint venture produces a full range of yoghurts, including the Japanese favourite, drinking yoghurt.

Since 1985, sales have grown steadily from Y4bn to Y7bn, giving Ajinomoto-Danone a market share of about 10 per cent – well behind the three largest Japanese rivals but increasing slowly. Dahan still believes his more limited goals are worthwhile. He says Ajinomoto always thought it would be five or 10 years before the venture made money.



Opinion polls showed Danone yoghurts were greeted with 'delight', but the French underestimated Japanese ability to be polite

Public relations

Why Shandwick has its eye on 1992

David Churchill reports on the British group's acquisitive strategy

PETER GUMMER (left) is trying to do in the public relations business what the Saatchi brothers have achieved in advertising: namely, to become one of the world's leading practitioners of the subtle art of media persuasion.

Gummer's Shandwick organisation, a publicly-quoted public relations consultancy capitalised at more than £70m, has emerged in the late 1980s (from its beginnings in the mid-1970s) as the world's leading independent PR grouping through a series of acquisitions which culminated recently in the purchase of Japan's biggest PR company, International Public Relations (IPR), for £10m.

IPR was Gummer's 25th acquisition since Shandwick was brought to market in 1984, first on the USM and subsequently with a full market listing. Since then Shandwick has overtaken all other UK public relations consultancies in terms of operating revenue, emerging at the head of the latest league table of consultancies published by the trade journal PR Week.

Shandwick, moreover, is riding on the crest of booming demand *for PR services – up by an esti*mated 45 per cent last year (according to PR Week) with the combined operating revenue of UK consultancies at £170m.

Yet everything in the PR garden is not rosy. Some companies appear to be increasingly unhappy with the service they receive from their consultancies, subsequently engaging in a sort of "musical chairs" in the search for a better deal.

At the same time, a few PR consultancies are showing a marked weakness of management skills which suggests that effective media relations are not enough to run a successful company.

Last year, for example, one of the UK's top ten PR consultancies – Communications Strategy – went into receivership with debts of over £3m. Broad Street Associates, one of the leading *financial PR consultancies*, recently reported a poor trading performance and a management reshuffle in the wake of the October crash.

Shandwick itself is not immune to problems. Its aggressive moves into the much larger US public relations market (worth about £600m a year) leaves it exposed to the fluctuating dollar exchange rate. "But our Japanese and German acquisitions have considerably lessened this exposure for us," says Gummer.

Yet Shandwick remains very much a City favourite. Lorna Tilbian, marketing services analyst with stockbrokers Shepherds and Chase, says she is "very bullish" about Shandwick at the moment.

"That IPR should have chosen Shandwick, rather than any one of several other potential suitors, is a real triumph for the group's highly focused strategy in public relations," she says.

Concentrating solely on public relations is what Gummer believes marks the difference between Shandwick and other groups (for example, Saatchi & Saatchi) in the bid for global communications supremacy.

"They (ie Saatchi) want to be a worldwide grouping selling not only advertising services but a range of others, including management consultancy, marketing services such as PR and sales promotion, and other activities including financial services," believes Gummer.

"Our strategy is quite different; we want to be the world's biggest and best public relations group and not let ourselves get caught up in areas which we do not know well and cannot be leaders in."

It is this "mission statement", as Gummer likes to *describe it*, that has attracted City support and made Shandwick a target in its own right for advertising agencies such as Saatchi and Doyle Dane Bernbach.

Yet it has also made Shandwick an attractive suitor for the many smaller PR consultancies which have fallen under Gummer's spell:

In a fragmented industry such as public relations, the option for fast-growing medium-sized consultancies is either to go for a market quotation (such as Paragon has done) or to be absorbed by a larger grouping. Leslie Bishop and the McCann Consultancy in the UK, Rogers and Cowan and Miller Communications in the US, and Gibson Public Relations in Singapore and Hong Kong are a few of the many consultancies which have preferred to join Shandwick.

Moreover, in true Saatchi style, Gummer has only taken over consultancies which have been willing partners. "There is no point in a contested takeover in our sort of business," he says.

Gummer is the first to admit that his true strength lies not so much in being a PR man as in his ability to put together business deals.

What has helped Shandwick's progress was Gummer's management strategy. Again, Gummer unashamedly borrowed the idea from Saatchi.

Shandwick (like Saatchi & Saatchi) has a small holding company board with two executive and two non-executive directors. This is the strategic level of the company; the operating level is split into three divisional boards spanning the UK and Europe; North America; and the Pacific Rim countries.

In addition, the company also now has an International Advisory Board – comprising chief executives of the operating divisions – to bring together a global view of PR activity within the group.

In what is primarily a "people" business – *there are few physical assets* – keeping and motivating employees is of prime importance. Defections from the Good Relations camp, first from its City office and then by its managing director, eventually led to the business being sold to the Lowe Howard-Spink and Bell advertising agency.

Gummer is sensitive on this issue and has the facts and figures which he claims show that a walk-out by key staff with their accounts (as has often happened in the advertising world) would have only a minimal impact.

Shandwick, he says, has 4,500 clients worldwide which gives an average fee of only £12,000 per client. In the UK it has some 600 clients – including household names such as United Biscuits and Nestlé (which recently succeeded in taking over Rowntree) – with an average fee income of £30,000. No client worldwide accounts for more than 0.5 per cent of total billings.

But perhaps Shandwick's biggest weakness has, until recently, lain not so much in losing a few clients from defections but from its glaring lack of presence in continental Europe. With 1992 only just round the corner, Gummer has been able to offer most clients better PR coverage in Norwich and Hong Kong than in Paris, Milan, or Munich.

Yet in true acquisitive style, Gummer recently made his 27th acquisition since going public with the takeover of Kommunikations, a West German public relations group based in Bonn, for £1.8m. Further moves into continental Europe cannot be far off.

TECHNOLOGY

Paul Abrahams on why computers are finding favour with architects despite lingering doubts about their validity

Creating buildings on a 3-D screen

COMPUTER AIDED architecture has come of age. In both the US and Britain, architects are beginning to adopt computer systems to help them design buildings.

"The increasing use of computers is significant for two reasons," says John Hare, the architect responsible for computers at Arup Associates, the London-based multi-disciplinary design firm.

"Firstly because architects should now be able to produce work more quickly and therefore cheaply. Projects can be designed in half to a quarter of previous times."

"And secondly because the customer can see what buildings will look like at an earlier stage of design. He can even interact with the architect himself," he explains.

However, until recently, architects in the UK have been unwilling to adopt computer technology. Philip Keevil, managing director of CAD Services, the Northampton-based computer-aided design (CAD) dealer for Autocad, the most popular system in use in Britain, says that the market in the US is three times as large as in the UK.

Keevil argues that American architects have been much more receptive than their British counterparts. While the Americans are now looking at upgrading their systems, some architects in the UK are still questioning whether CAD is necessary.

In the US too there has been some reluctance. A recent survey by the American Institute of Architects (AIA) suggested that the two main reasons for US architects' reticence concerning computers were the financial cost of installing systems and the extensive training necessary to use them.

These objections appear to have been overcome by packages based on relatively cheap microcomputers.

"The cost of a truly useful system has fallen dramatically over the last five years," says Ed Howell, one of three partners at Carrick Howell and Lawrence, the London-based architectural firm. "We have just invested £7,500 in a system which five years ago would have cost £100,000. Then we could look at it and dream – now it's a reality."

The power of recent micro-computers means that architects are able to access two and three-dimensional plans in full colour. Quantel type effects, such as translucent and transparent effects, ray-tracing, shading and differing textures are also available.

However, the power of recent machines means they can support complicated software which is easily accessible. This incidently allays the second main pre-occupation of architects in relation to computers – user-friendliness and the time required for training.

Howell explains that installing the computer should also have important productivity benefits for his firm. He estimates that the cost of installing the computer was about the same as employing an architect for a year.

"If the three architects in the practice produce a third as much as before, it will have paid for itself in a year. And besides, you don't have to pay computers National Insurance contributions," he says.

Arup Associates, the London-based multi-disciplinary design firm which has about 90 professionals, has also invested in computer systems to increase productivity.

"We were having to turn away work and had the choice of expanding the company or working faster," says John Hare, who is in charge of computers at Arup. "Increasing in size was simply not an option. Working faster was – and the computers offered that possibility."

Arup has now invested in about 30 workstations, providing a ratio of one for every three architects or engineers. Hare explains that on a large steel framework design, like the Broadgate development in the City of London, which Arup has recently completed, typically 10 draughtsmen would be used. On a similar project for Victoria Station now in progress, there are two.

A further advantage of the computer systems pointed out by Hare is the flexibility they offer. He explains that fast track building which is constructed almost as it is designed would be virtually impossible to complete on time without computers.

The networked system of computers allows architects and engineers to work on projects simultaneously. Each level, representing for example the the standard plan and designs for the superstructure, electrical system, plumbing and ceilings can be used at the same time. But each change can be immediately reproduced on the other screens.

This process used to be achieved by photocopying an original plan and then tracing over it. Any errors had to be removed by scratching the surface of the tracing paper with a razor blade. Eventually, when the paper could take no more, the plan had to be retraced.

Neil McLeod, the UK technical marketing manager at Intergraph, the Alabama-based computer company, explains that the flexibility of the system also allows late decisions to be sent on disk or by modem to engineers or builders on site. In addition, any decisions made on site can be sent back, so that the main office can study any implications.

Besides the speed at which clients can see their buildings being designed, the most obvious effect of computers is their output. Explains Barrie Evans, technical editor at the UK-based Architect's Journal: "The potential of computer graphics is the ability to give an early impression of what a building might look like long before it is built."

"With three-dimensional imaging the client should now be able to get a fair idea of how the his building will appear. Normally you need to be trained to read plans and visualise space, but the increasing realism of the pictures should overcome this," he says.

Neil McLeod, at Intergraph, believes that an important advantage of computer systems is the prestige provided by the machines and the high quality of output from them. Images can be delivered on a pen-plotter, laser printer, thermal device or with high quality electrostatic plotter. Information can also be downloaded to create slides for presentations.

The computers have a number of other advantages. On the more sophisticated systems, a database will keep track of the components in the building which can then be sent to the builders.

However, not all architects are enthusiastic about the introduction of computers.

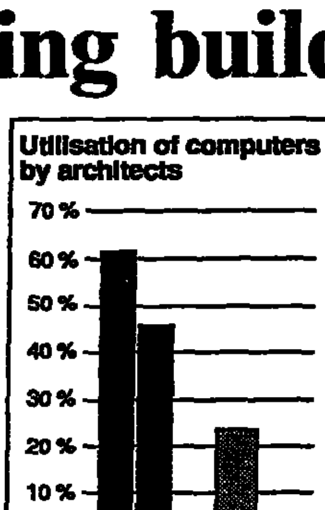
"In my experience, firms have been oversold by manufacturers in both hardware and software," says James R. Franklin, a fellow of the American Institute of Architects.

Franklin is also concerned about the effect of computers on the the design of buildings. He says that some buildings, especially office blocks, look wonderful on screen but are garish in full size.

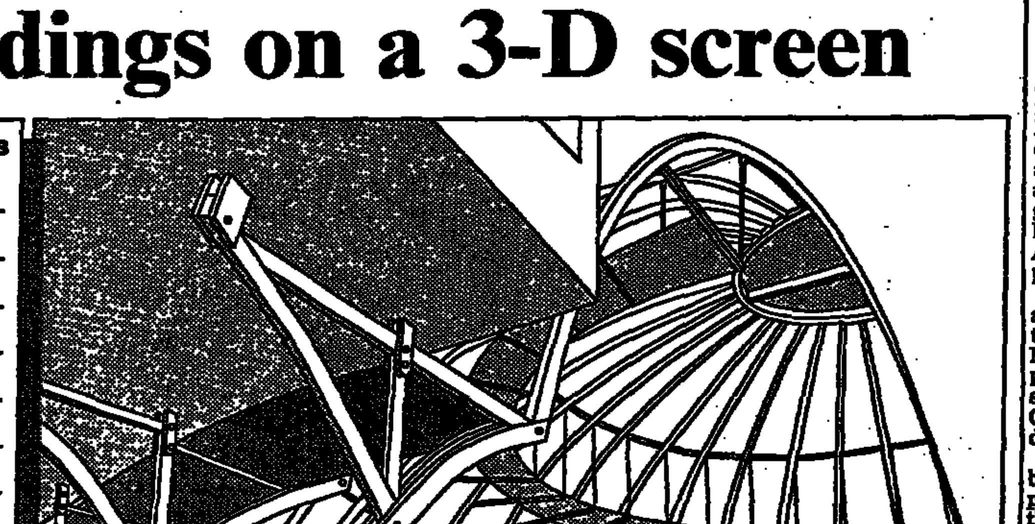
However, others are not so sure that designs will suffer from computer assistance.

"The design process is becoming more dynamic with computers than with pencil on paper," says Oliver Witte, contributing editor at Architecture Magazine in the US.

"The solution to a client's problem is not in the computer any more than it is in the graphite of a pencil. But I suspect that buildings designed on computer can be a better combination of aesthetics and function. The computer allows the architect to consider more options and create simulations rather then just imagining it in the mind's eye," says Witte.



Sources: Royal Institute of British Architects and The American Institute of Architects 1987



Plan of dome at the Atrium at Broadgate London, designed by Arup Associates

House buying will become quicker

Computers are reducing the time taken for land searches, reports Della Bradshaw

THE BOOM in British property sales over recent years has been a headache for local authorities. They face a growing backlog of paperwork for land charge searches.

These are the checks made every time a house is bought to find out whether there are any *local restrictions on the property* or possible developments such as a new motorway which will affect its value. The rush of single people trying to buy property before the tax relief changes in August has compounded the problem.

However, two local authorities are computerising their records to speed up the service. Wigan Metropolitan Borough Council processes over 12,000 land charge searches a year, and Portsmouth City Council is expecting to handle 14,000 during 1988.

Both councils are hoping that by the end of the year the computerised searches will reduce the time it takes to do an inquiry to around five days, whereas it can take anything up to three months in other areas around the country.

Wigan has already got the search time down to a maximum of eight days, from 20 days earlier this year. Wigan's Systems Land *Charge Manager Mrs Maureen* Oram expects an even faster service: "I would say within two years we should get it down to about two days: in one day and for the rest."

The two councils are pilot users of a system developed by Central Land Charges (CLC), a wholly owned subsidiary of Cipfa Services, which is itself a subsidiary of of the Chartered Institute of Public Finance and Accountancy, the public sector accountancy body. CLC has been working with computer manufacturer Digital Equipment Company (DEC) and Bristol-based computer consultants MVM to produce the system.

The implementation of the Portsmouth and Wigan installations is the realisation of a government committee recommendation taken in 1985 that local authorities should speed up their land searches by introducing computers. Most of the 402 local authorities around the country still keep all the information they need for a land search in paper files.

One factor hampering the more general introduction of computer systems for land searches has been the cash squeeze on local authorities.

CLC has overcome that problem by financing the equipment costs for the installations itself. The local authorities commit themselves to a ten-year contract to use the system.

CLC reckons the cost of installing the hardware and software *will average out at £250,000 for* each authority, most of which will be spent on getting the appropriate information onto the computer system. CLC has been backed by National Westminster Bank to an initial tune of £10m for the project.

For each search the two councils now charge an extra £15, which goes directly to CLC and DEC. From the beginning of August Wigan Council, for example, will be charging £37 for a full computerised search.

The first stage of the project for the two councils has been to ensure that all the information needed for a full search can be typed in through a computer terminal. Three different departments have to be consulted during the search: planning, engineering and environmental health. Each, therefore, needs its own terminal. Once the search is complete, the form is printed and posted back to the inquiring solicitor.

That stage of the project went live in Wigan in May and in Portsmouth at the beginning of this month. Wigan put all its property information on the computer, but Portsmouth put just one district, Southsea, on the information base. It accounts for about one third of all the land search inquiries made in the Portsmouth area.

Wigan Council is also also planning to eventually combine all the information from the three departments so that the forms can be completed through a single computer terminal.

Although solicitors now submit the request for a land search on a standard paper form – a "con 29" as it is called – three Portsmouth firms will be submitting *the inquiry forms electronically*, starting later this month. To do this the solicitors need a personal computer and modem, to link into the ordinary telephone network. From the telephone network the information goes through into a commercial value added network, and then into the authority's computer.

Solicitors can send such an inquiry for no more than the cost of a local phone call. The information can also be sent back electronically, although a duplicate *paper copy* will always be sent through the post.

The *network linking the solici*tors into the Portsmouth computer is part of a service offered by DEC. DEC launched its value added network for data traffic in April this year, and is planning to launch further services for the legal and financial markets.

CLC and DEC hope that eventually all local authorities in Britain will use their service. This would mean a solicitor in London being able to tap in an inquiry about a property in Glasgow, for example, and receiving an answer within two days. So far, about a quarter of local authorities have shown an interest in the CLC package.

As the network of local authorities develops, CLC and DEC plan to make the service increasingly more sophisticated. One possible service for the future would be to put maps of the water, sewer and road systems onto the local authority computers in digitised form, in order to help the engineering departments when they are clearing a search.

Although computer manufacturer DEC is heavily involved in the project, the company claims there is no need for the hardware used by the local authorities to be that of a specific manufacturer. Portsmouth City Council, for example, is mainly dependent on IBM computer systems, while Wigan's main computer is from Honeywell.

Solicitors wanting to input searches electronically can also use a range of personal computers. "An Amstrad, an IBM personal computer – most things will do," according to DEC's Legal Services Marketing Manager for the value added network, Chris Parsons.

If CLC and DEC's plans go ahead, some of the frustrating delays experienced in buying a house will be a thing of the past. So too will those specialised companies which at present make a living doing searches for customers not prepared for the normal wait involved, so far, with local authority searches.

ARTS

Martigny/William Packer

Culture born of tragedy

Martigny is the quiet, ancient, unprepossessing Swiss town that commands the valley leading up to the Grand Saint Bernard Pass from the valley of the Rhone above Lac Léman. It is a place to stop for a meal or the night on the way to the warmer south, for it wears its history so lightly that, but for the castle in ruins on the hill, it might almost have forgotten it had it one. But 12 years ago a private tragedy in a prominent local family set in train a sequence of events that, while not transforming overmuch the face of the town, has certainly changed the view it takes of itself in its cultural relation to the rest of Switzerland and the world at large.

In the summer of 1976, Pierre Giannada, a naturalist and collector of animals, died as a result of burns he sustained in trying to rescue his fellow passengers from the wreck of the light aeroplane in which they had been returning from an expedition into Upper Egypt: he was 38. His younger brother Leonard, engineer and architect, at once decided to set up a memorial on their property in Martigny where, as it happened, the traces of the early Gallo-Roman settlement had lately been uncovered. So the Foundation was established, and as the building went on and more remains came to light, so they were incorporated into the general scheme.

Part archaeological museum, part concert hall and arts centre, part art gallery, part museum of vintage motor cars – which was a particular interest the brothers shared – the Pierre Giannada Foundation this year celebrates its 10th anniversary with a major exhibition of paintings from the Museum of Sao Paulo in Brazil. The open interior of the building betrays at once this functional generality and, while it can hold a considerable audience for its concerts, and is indeed able to attract performers of world class (I was lucky enough to hear a recital by the American singer, Barbara Hendricks), the space available for its exhibitions is comparatively limited.

But it is a tribute to the quick maturity of the Foundation and a nice comment on the national character of the Swiss that, for all its practical limitations and apparent informality, it should still attract exhibitions of the highest quality. Klee, Picasso, Goya, Rodin, Klimt, Schiele have all been subjects of major exhibitions. Last year it was Lautrec, Giacometti the year before.

This year's exercise has two parts. The first, which was the part I saw, on show from March until late June, *From Raphael to Corot*, took us in fact from the Italian primitive Master of the Bargello by way of Daddi, Mantegna, Bosch and Memling, Reynolds, Goya and Delacroix to Boldini, which is in no sense a complaint. The loosely chronological hang did mean that one trick was missed, for the chance was there to put three magnificent full-length portraits across the centuries directly side by side: Velazquez' proud Duke of Olivares, Goya's delicately ambiguous Cardinal de Bourbon and Gainsborough's airy, ineffably milordly Marquis of Hastings – three essays in the same subject and manner, so much the same yet so very different. But then all could be compared by a turn of the head.

There too was Holbein's doomed Lord Surrey; a Titian half-length; a Rembrandt self-portrait in early middle age; Hals; Chardin; Pater; Courbet. The large unfinished conversation piece by Reynolds of the Cruttenden children was fascinating, not least for the most complete and touching study of their young black servant. More intriguing still were the 17th century Brazilian landscapes by Frans Post, with the jungle undergrowth alive with exotic beasts – Douanier Rousseau before his time but far from naive. Most surprising were Nattier's four symbolic portraits of the unmarriable daughters of Louis XV – Earth, Air, Fire and Water, clearly assigned by temperament. The Memling was perhaps the single most lovely painting, a close group of Mary and her women, supported by St John the Evangelist, at the foot of the Cross, as intense in its humane realism and psychological insight as in its devotion.

The second tranche of Sao Pauline treasures, *From Monet to Picasso*, by way of Manet and Cezanne, Bonnard and Vuillard, Degas and Matisse, Hodler, Renoir, Gauguin and Van Gogh, Lautrec, Modigliani and Soutine, has been on view since early July and continues until November 30. I shall not discuss what I have not seen in context, though many of the works are familiar. But Madame Cezanne in red is there, and Manet's Amazone, Vuillard's Princesse Bibesco at ease in her drawing room, copious Degas, even more Lautrec. It will be hard to resist a second visit.

Detail from Hans Memling's Mary and her women, supported by St John the Evangelist, at the foot of the Cross; 1480/90

Swan Lake/Coliseum

Clement Crisp

London Festival Ballet opened its summer season on Tuesday night with the first London showing of a new *Swan Lake*. This is Makarova's version, on which I reported at its Bradford première in April. It is billed as "Natalia Makarova's *Swan Lake*," and its indebtedness to that sublime interpeter of its double role is very significant. We are presented with a staging which owes much to Russian traditions of production, as to Russian tradition in interpretation.

In reassessing the way we may now understand this most popular and most traduced of the old classics, Makarova views it as part of her Kirov heritage. Its physical manner was instilled in her body as student and then as member of the Leningrad Ballet; its history is part of that apostolic succession in performance to which Makarova is heir. Thus her recension appears as a metaphor for the *Swan Lake* Western audiences think they know, seeming a fantasy about the Germanic legend in which we are offered heightened poetry in place of conventional and literal stage meaning.

Gunther Schneider-Siemsson's designs of swan wings that imprison images of location and even, in the case of von Rothbart, of characterisation, are examples of this same approach. And, be it noted with gratitude, Makarova has sought to instil a greater emotional and dynamic legibility into the dance style of the company. The swans are more "Russian" in manner than has previously been the case with this troupe, and their response to Chaikovsky's lyric urgency never more admirable than in the general dances of the second and fourth acts.

The production may, even so, be considered idiosyncratic. It represents the thoughts of an artist who has illuminated the heart of the ballet for twenty-five years with a passion given to few ballerinas to display. There are elisions of the action, short-cuts, and a concentration upon the central tragedy which demands a lambent Makarova-style assumption of Odette's wings if the piece is to make ultimate sense in the theatre.

On Tuesday, Andria Hall gave a performance which suggested that Makarova has shown her how to avoid politeness, that misty English romanticism, that is so fatal in the dance theatre. Her Odette gained in womanly dignity and in openness of physical statement as the evening progressed; her Odile was voluptuous and commandingly brilliant. Peter Schaufuss was Siegfried, suitably haunted by the dreams implicit in the score and explicit in this hallucinatory presentation. The legion of swans did not betray the dominant images of the staging; and Ashton's first act quartet was excellently polished.

There will be more to say about this imaginative revision of a text too well known as a series of dance clichés. It will repay further viewing.

Iolanthe/Cambridge Theatre

Martin Hoyle

As the band of the Grenadier Guards played gems from the Savoy operas Lord Wilson and Mr David Owen were seen to sing along happily, an almost Gilbertian scene played out, ironically, on a sunny evening in Seven Dials, now a far cry from the Victorian warren of thieves' kitchen that prompted a tongue-in-cheek reference in the very opera – happy chance – that we had come to see.

Iolanthe opens a season by the reconstituted D'Oyly Carte Opera Company at the Cambridge. To repair one of the sillier blunders by the Arts Council in letting the original company die, British Midland has led the way with sponsorship, and the nine-week London visit comprises *Iolanthe* and *The Yeomen of the Guard*, a welcome reminder of one of the few beacons in the darkness of the British theatre between Sheridan and Shaw.

Memories of terminal D'Oyly Carte *schlamperei* were immediately dispelled by the overture. A decent-sized orchestra, not the variable *ad hoc* group of the old tours, was as crisp and trim as the Malcolm Sargent 78 r.p.m. I was brought up on. Bramwell Tovey's tempi are brisk: "The Law is the true embodiment" went at a fair lick; the Nightmare Song must be the quickest on record, more a patter number than a descriptive piece; and "When I went to the bar" with the triple-time vocal line over duple-time accompaniment was rhythmically clear and articulate.

The streamlined approach loses something in delicacy but scores in such moments as the entry of the Peers. A contingent from the Grenadiers' band added incisive brass thrust from boxes in the auditorium – without drowning the 15-strong House of Lords on stage. Choral singing was of a high order throughout.

In 1882 they had electric light bulbs that lit up in the fairies' head-dresses for the finale. Now we have an Act 2 Big Ben with a working clock-face that tells the actual time. In the original the fairies' costumes slyly mocked the Wagnerian craze with their hints of the Valkyries. Nadine Baylis' new designs, with their cloche-hats-cum-bathing-caps, pastel colours and arty draperies, recall the great Charles Ricketts, the inter-war designer. These are lovely 1920s pastiche *Erté*. The only Wagnerian note is the now common post-New Bayreuth tilted platform and huge gauze panels with abstract, mottled projections.

Peter Walker's production has slightly too much winsome skipping, too many comically perplexed looks at the audience, and certainly too much distracting byplay for the chorus. The stage pace, like the music, could breathe a little more, an impression confirmed by the diction – not all as crystal-clear as it should be.

Richard Suart's Lord Chancellor is potentially first-rate, avoiding corny comic clichés and dealing well with the dialogue. Gillian Knight's Fairy Queen, resplendent in henna'd curls booms happily, back in the company from which she went on to Bizet and Rossini. Vivian Tierney (Phyllis) overcomes a slightly veiled quality to achieve some lovely vocal effects in "For riches and rank." Thora Ker (Iolanthe) and Gareth Jones (Private Willis) are satisfactory, but Terence Sharpe's Mountararat needs to project his words more pointedly (odd complaint for a distinguished Verdian). Hugh Hetherington's throat infection necessitated Martyn Harrison's vocal contribution from the pit; a shame, since his Lord Tolloller has Bertie Wooster's profile and teeth, and a finely-judged line in fatuousness. This is possibly the best acted performance, even with no singing voice.

Alastair Muir

Richard Suart, right, as the Lord Chancellor

Paul Bunyan/RCM

Max Loppert

Britten's 1941 American operetta is the end-of-year offering of the Royal College of Music Opera School in the (happily named) Britten Theatre, and is a winner. The recent semistaged *Paul Bunyan* at this year's Aldeburgh Festival, with singers from the new Virgin Classics recording, may have seemed a hard act to follow, but Mike Ashman's production – intelligent, sharp-witted, and imaginatively shaped to student abilities – provides a bounty of new things to enjoy and admire in the work itself.

Outbursts of jejune whimsy and checked-shirt posturing have been avoided; the basic image is set at the start, of players in evening dress placing the focus somewhere between Brecht-Weill detachment and cabaret. The set (designer, Bernard Culshaw) is similarly non-naturalistic; in this sort of environment an entertainment with hints of allegory and ironic pageant can flourish. Mr Ashman's way of weighing up comic tone and pacing events light and (occasionally) dark has drawn an enthusiastic response from his cast, measured in the speed and ease with which the whole show moves. (The intrusions of the Ballad Singer, which offer rich embarrassment potential, are excellently judged and executed.) The title role is presented on stage, rather than being (as originally intended) only a voice from offstage, but as this is worked out with great skill, one hardly complains.

This is a production of enormous charm and freshness, and it catches a wonderful reflexion of those qualities in the work itself – with each hearing the announcements of operatic genius (in such things as the telegraphic depiction of forest night-noises) become more startling, the instinctive command of mood and timing more remarkable. It is no doubt a great comfort to have so experienced an opera conductor as James Lockhart in the pit guiding the shape of the performance and nurturing the voices – the Achilles heel of the production, the swallowing of too many words, is no doubt as much Auden's fault as the RCM Opera Orchestra's or that of the student singers.

There are a touchingly gawky, bespectacled Johnny Inkslinger, first in the line of Britten operatic outsiders, from Philip Sheffield, a Balladeer of real presence from Jason Howard (obviously a baritone to watch), and a finely declaimed titular hero from Adrian Fisher. These, and the two blasé cats of Linda Gregson and Jennifer Barnes, are the standout contributions, but standards are generally high, and it is as an ensemble show that this *Paul Bunyan* gives off such an enchanting glow. Performances tonight and tomorrow.

The Marriage of Heaven and Hell

Claire Armitstead

For their first London visit in two years the touring company DIY Theatre have chosen a venue – the Rosemary Branch in Islington – that is hardly conducive to airy flights of visual imagination, and a subject – Blake's philosophical treatise *The Marriage of Heaven and Hell* – that makes such flights essential. It is an unholy alliance which leaves DIY's three performers fluttering at ground level in a dramatisation that leans heavily for atmosphere on Adam Brett's unearthly, ever-present musical input but which signally fails to find a substitute for the poet's own apocalyptic illuminations.

Believed to have been composed between 1789 and 1790, the piece is Blake's first large scale attempt to expound his ideas about imagination and divinity and includes in its 27 plates a sustained satirical attack on the philosophy of the visionary theologian Emmanuel Swedenborg. Its illustration with gloriously colourful etchings of men, monsters and heavenly bodies would undoubtedly offer a tantalising challenge to someone with the wizardry of Peter Brook or Ken Russell, but that person is not currently in the ranks of DIY. Through all but the final Song of Liberty, their chosen colouring is black and white, with sheetlike drapes echoed in shroudlike shirts on a stage overhung simply by a window pane and a rectangular glass box which lets forth a trickle of water to signify the climactic consumption of the angel by fire and his transformation into Elijah.

This failure of designer Paul Wilkins and director Richard Hayden to grasp the imaginative nettle makes one wonder why they chose to tackle the piece in the first place (although the woman who sat beside me with her eyes firmly shut and a beatific smile on her face would undoubtedly spring to their defence). It reduces the staging to somewhat prosaic cavortings by three figures who form and reform in more or less eloquent tableaux, who speak well enough, sing passably and rise to amusing portraits of the prophets Isaiah and Ezekial at dinner, but whose best endeavours are not enough to match textual life with a dramatic one.

Mobil Playwriting competition winners

The second Mobil Playwriting competition first prize of £10,000 has been won by Michael Wall for his play *Amongst Barbarians*; joint second prizes of £4,000 each went to Rod Williams for *No Remission*, and Keith Wood for *Assuming the Role*.

The newly created International Prize of £3,000 awarded to the best play by a foreign writer was Michele Celeste, an Italian living in London, for his play *Hanging the President*.

The competition, with prize money totalling £33,000, attracted more that 1600 entries from 25 countries. It was judged by playwrights Ronald Harwood and Michael Frayn, actors Ian McDiarmid, James Maxwell and Eleanor Bron, and London producer Josephine Hart.

RSC's autumn season at the Barbican

John Barton's new production of Chekhov's *Three Sisters* will open at the Barbican Theatre on August 4. Taken from a translation by Helen Rappaport and with costumes by Louise Belson, Harriet Walter and Brian Cox will lead a cast which includes Bruce Alexander, David Bradley, Deborah Findlay, Stella Gonet and Pippa Guard.

Jonathan Miller's production of *The Taming of the Shrew* will transfer from Stratford on September 1 with Fiona Shaw and Brian Cox repeating their performances as Katherine and Petruchio. Also transferring is Nicholas Hytner's production of *Measure for Measure*, on October 6, with Josette Simon, Roger Allam and Sean Baker.

The first première to open in the Pit this season (on September 5) will be Howard Barker's *The Bite of the Night*, directed by Danny Boyle – working with the RSC for the first time – with the central role played by Julie Covington. The second new play is a musical comedy about being down and out in Paris in 1929, *Divine Gossip*, by Stephen Lowe, which will open on October 19. Meanwhile, Barry Kyle's production of James Shirley's comedy *Hyde Park* transfers from the Swan on August 8.

Arts Guide

July 8-14

EXHIBITIONS

LONDON

The Royal Academy. Cézanne – The Early Years 1859-72. A concentrated and illuminating study of the formative period of one of the greatest artists of the 19th century and one of the seminal figures of the modern movement. ... Ends August 21.

...

PARIS

Galérie Schmit. French masters of the 19th and 20th century. ...

...

Institut du Monde Arabe. Holy Places in Saudi Arabia. Magnificent architectural models of the Kaaba in Mecca and its black brocade veil with verses from the Koran embroidered in gold, and of the Prophet's great mosque in Medina, provide the non-Moslem with a realistic image of the shrines of Islamic pilgrimage, to which he or she has normally no access. 23 Quai Saint-Bernard (46.34.25.25). 1 pm till 8 pm, closed Mon. Ends Sept 18.

NETHERLANDS

Amsterdam. Tropenmuseum. The arts and crafts of Indonesia, illustrated with more than 500 objects in bamboo, textiles and precious metals spanning 2,000 years of cultural history. Ends August 21.

Amsterdam. Rijksmuseum (rear entrance). Divine Bronzes (some no more than 5cm high) illustrate the stylistic development of Indo-Javanese religious images from the 7th to the 16th centuries. Ends July 31.

WEST GERMANY

Cologne, Romisch-Germanisches Museum. Caesar's Glass. This exhibition is the most important display of Roman glass ever staged. It covers the period from Caesar to Justinian, from the first century BC to the 6th century AD. The 162 pieces are mainly goods from everyday life. Until August 28.

ITALY

Venice, Palazzo Grassi. The Phoenicians. The fourth major exhibition at Fiat's art centre on the Grand Canal attempts to give a complete picture of this extraordinary people, who dominated trade in the Mediterranean for over 1,000 years. Sarcophagi project at odd angles from a pile of pink sand on the ground floor of the Palazzo and in an upstairs room, model ships stand immobile in a rippling artificial lake. Many of the 1,200 objects displayed (gold and silver jewellery, statues and reliefs in terracotta, bronze and ivory) are extraordinarily beautiful. Until Nov 6.

Rome, Palazzo Dei Conservatori. From Pisanello to the Birth of the Capitoline Museum, or classical art on the eve of the Renaissance. An exquisite exhibition of drawings, coins, illuminated manuscripts and sculptures Sixtus IV gave to Rome as the nucleus of the future Capitoline Museum. Ends July 24.

VIENNA

Messepalast. Imago Mexiko. A rich, exotic collection of Mexican art, photographs and graphics from 1900 to 1980. Ends July 31.

SWITZERLAND

Martigny. The Gianadda Foundation is showing the second part of treasures on loan from the Sao Paulo Museum. Entitled From Manet to Picasso, it is especially rich in Renoirs, from society portraits and little girls in frothy lace and pink and blue satin, to a fleshy nude. Van Gogh, too, is well represented with his famous Arlesienne and landscapes with tormented stress. There is Cézanne's portrait of his wife, a Tahiti scene by Gauguin, early Picassos and Manet's Marie Lefebvre. (23878). Ends Nov 6.

NEW YORK

American Craft Museum. An ambitious show that traces the history of American architecture back to the turn of the century and emphasises the work of artists like Tiffany, Lawrie and Louise Nevelson who were commissioned to add art to architecture. Ends Sept 4.

Pierpont Morgan Library. Over 300 items from the life and art of Beatrix Potter show the evolution of the artist and her work. Included are the illustrated letter to Noel Moore which became the basis of Peter Rabbit and the entire sequence of 22 watercolours from The Tailor of Gloucester, lent by the Tate Gallery. Ends Aug 21.

CHICAGO

Art Institute. Photographs by Josef Sudek. Using his native Prague as the background, this avant-garde photographer, who died in 1976, captured the lyrical quality of the Czech people and the country's beautiful landscapes. Ends Sept 5.

WASHINGTON

National Gallery. More than 60 masterworks, from a superb 16th-18th century collection of Munich's Alte Pinakothek, include paintings by Rubens, Rembrandt, Titian, El Greco and Van Dyck. Ends Sept 5.

National Gallery (East Wing). To mark the 350th anniversary of the first Swedish colony in North America, the exhibition covers four Swedish monarchies in the 16th and 17th centuries and shows Sweden as a resplendent and aggressive world power through objects and 100 paintings on loan from the Royal Treasury, the National Museum and the royal collections. Ends Sept 5.

TOKYO

Tokyo National Museum. Von Siebold and Japan. Special exhibition of Japanese art and artefacts from the Netherlands Museum of Ethnology, collected by the pioneer of Japanese studies in Europe, Philipp Franz von Siebold. Von Siebold was the physician at the Dutch settlement of Dejima in Nagasaki between 1823 and 1829, when the rest of Japan was still closed to foreigners. Closed Mondays. Ends July 31.

Saleroom/Antony Thorncroft

Fuseli inspired by Milton

Sotheby's had a successful sale of British paintings yesterday which totalled £2,743,400 in the morning with less than 7 per cent unsold. The main achievement was attracting a price of £770,000 for a large painting by the Swiss born artist Johann Heinrich Fuseli, illustrating a scene from Milton's "Paradise Lost." Entitled "Satan starting from the touch of Ithuriel's lance," it was one of 48 paintings that Fuseli completed under the inspiration of Milton's poetry. The price was a record for the artist, and over twice the high estimate.

Salander O'Reilly, a New York dealer, paid £209,000 for John Constable's "A view of Dedham vale," an oil sketch dating to 1802. Constable painted this scene on many occasions. This particular sketch belonged to the artist's son, Lionel, and sold in his 1877 sale for 60 sixty guineas; in 1959 at Christie's it made 9,000 guineas.

A mid 18th century scene by Samuel Scott, showing shipping on the Thames at Rotherhithe with St Saviours Dock in Bermondsey in the background, doubled its top estimate at £165,000, going to Lane Fine Art. It was another artist record.

Among the portraits Miss Mathew, a little girl in a pink and white dress cuddling a spaniel captured by Reynolds, almost tripled its estimate at £145,000, to Colnaghi, while Arthur Devis's portrait of Philip Howard of Corby Castle in Cumberland also doubled its top estimate at £90,200. Howard, an agricultural improver, is credited with being the first farmer to feed cattle on home grown turnips in the mid 18th century.

One portrait that surprisingly failed to sell was of Lady Hamilton, the mistress of Nelson, by Romney. It was bought in at £32,000. But another Romney portrait of the lady did well at £71,500. Lord Byron, as seen by Richard Westall, sold cheaply at £11,000.

"The gentle shepherd" by the Scottish artist Sir David Willie doubled its estimate at £70,400, to the New York dealer Richard Feigen. It was inspired by Allan Ramsey's verse comedy of the same name.

An oak lath armchair, constructed by Marcel Breuer for the Bauhaus in 1924, with horizontal and vertical strips of stained oak, and a seat and back of linen, sold for £28,600 yesterday, within estimate, in a Christie's sale devoted to decorative arts from 1880 to the present day. The morning session brought in £220,273, with 26 per cent unsold.

A Georg Jensen silver tureen designed by Henning Koppel realised £18,700, and a lead and stained glass window designed by M.H.Baillie Scott for Glencrutchy House in Douglas, Isle of Man in 1897, doubled its estimate at £14,300. It shows blue and green swallows surmounted by pink tulips.

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Thursday July 14 1988

Damp squib for lawyers

THE MARRE Committee report has been eagerly and fearfully awaited by the British legal profession in almost equal proportions. Eagerly, because lawyers have wanted a firm conclusion to the old bickering between the two branches of the profession. Fearfully, because both solicitors and barristers have been worried that they would each get less than they felt they deserved and that one side would somehow win a battle over the other. It has been seen as a private fight with the interests of the consumer amounting to little more than a stick to beat one another with. In the event, the profession and the public have ended up with a lack-lustre report.

The committee has shied away from some of the central issues affecting the future of the profession. Instead, it has concentrated on the questions of direct access by the public to barristers, solicitors' rights of audience in the Crown Court and the eligibility of solicitors for appointment as High Court judges. There was a widespread fear at the Bar that there would be a recommendation favouring general direct access. The committee has favoured a more limited right confined to other professions, such as accountants. This is a sensible and long overdue reform which can only benefit both barristers and business.

Modest extension

Again, although there will be much grumbling by the Bar, the modest extension of solicitors' rights of audience for all Crown Court cases was inevitable. Indeed, in the long run, such a change may make little difference to the profession, since solicitors will often consider it cheaper to instruct counsel in such matters rather than attend court themselves. Everything will depend on how effectively barristers now demonstrate their claimed superiority as advocates. If there is seen to be little to choose between them and their solicitor counterparts, then there will be fusion of the two professions, and rightly so. The public cannot be expected to fund a dual system in the absence of compelling practical reasons for retaining it.

Likewise, the eligibility of solicitors for appointment as High Court judges is to be warmly welcomed. It is nonsensical to suppose that there is some obvious difference in talent between the two branches which demands that only barristers can be full time senior judges. The counter argument is that the Bar's greater forensic experience means a faster and more incisive resolution of trial cases. In the short term, this may be right; in criminal cases, it may prove true in the longer term as well. But lack of immediate experience should not be allowed to deprive the community of such an obvious bank of expertise, particularly in the commercial field. How many high flying solicitors will wish to exchange their lucrative practices for the rigours of public service is another matter. But that is no justification for denying them the opportunity.

Restrictive practices

So much for the good news. But there will be widespread disappointment that the committee has not adopted a bolder and more forthright line on the perceived restrictive practices of the profession. A high level of expectation has ridden on the back of the Marre Committee's work which may well have outstripped the original intentions. The committee has shelved the question of multi-disciplinary legal practices and opposes any change in the present prohibition of partnerships between barristers. It airily concludes that both branches of the profession should investigate ways to reduce the barriers to transfer from one side of the profession to the other. There is much chatter about education and modern teaching methods. None of this is enough.

This report was expected to be controversial. It was hoped that there would be imaginative and far-reaching proposals which could act as the engine for radical reform. Since the 1979 Benson Royal Commission on legal services, it has been generally accepted that future change in the profession was inevitable. Both the lawyers and the public expected it. The Marre Committee has done no more than coyly open the door to fusion and then try to shut it again. Such a lack of courage is to be deplored.

The future of Hong Kong

THE BRITISH House of Commons tomorrow debates Hong Kong. This is probably its last chance to make plain to the British and Hong Kong governments its concern for the future of the people of Hong Kong before the balance of power switches to the Chinese in the run up to the reassertion of Chinese sovereignty in 1997.

Under the 1984 Sino-British Joint Declaration, the British colony will be reintegrated into China as the Hong Kong Special Administrative Region, supposedly endowed with a special status ensuring the rights and freedoms of its people for at least 50 years. Public consultation on a draft of the proposed basic law covering Hong Hong after 1997 ends in September. The final version will then be drafted and promulgated by the Chinese National People's Congress, after which China will be able to argue logically that everything must be consistent with the basic law.

The Joint Declaration was perforce vague and ambiguous, leaving much detail to be negotiated later. The Chinese proved exceptionally obstinate and the British, fearful of souring relations with Peking, appeared rather feeble. It is regrettable, for example, that a more determined effort was not made to persuade the Chinese of the virtues of the British desire to start introducing direct elections into the colony's political system from this year.

Nationality issues

It is equally unfortunate, with hindsight, that the British Government took such a mean-spirited approach to nationality. The result is that holders of British passports will be declared Chinese citizens involuntarily and, because citizenship for British National (Overseas) passport holders lasts only one generation, many children will be saddled with a different nationality from their parents. Additionally, Britain has decided that the normal immigration laws will apply and no special exemptions will be allowed for Hong Kong, removing the security of an open door if the worst came to the worst. Even at this late stage it would be worth trying to bring more humanity and common sense to these issues which, more than anything else, are thought to be causing the accelerating "brain drain" from Hong Kong to Europe, Canada and Australia.

Some of the draft basic law's most serious departures from the letter and the spirit of the Joint Declaration concern the independence of the judiciary, the degree of autonomy of the Hong Kong Special Administrative Region, the method of selecting the chief executive, and human rights.

The Joint Declaration guaranteed the continuation of the existing legal and judicial system after 1997 and a number of clauses in the draft basic law seem to imply that. But several later clauses will, unless pressure causes them to be deleted or rewritten, undermine that objective completely, particularly that allowing the Chinese National People's Congress to interpret, revoke or invalidate any of the Hong Kong laws at any time.

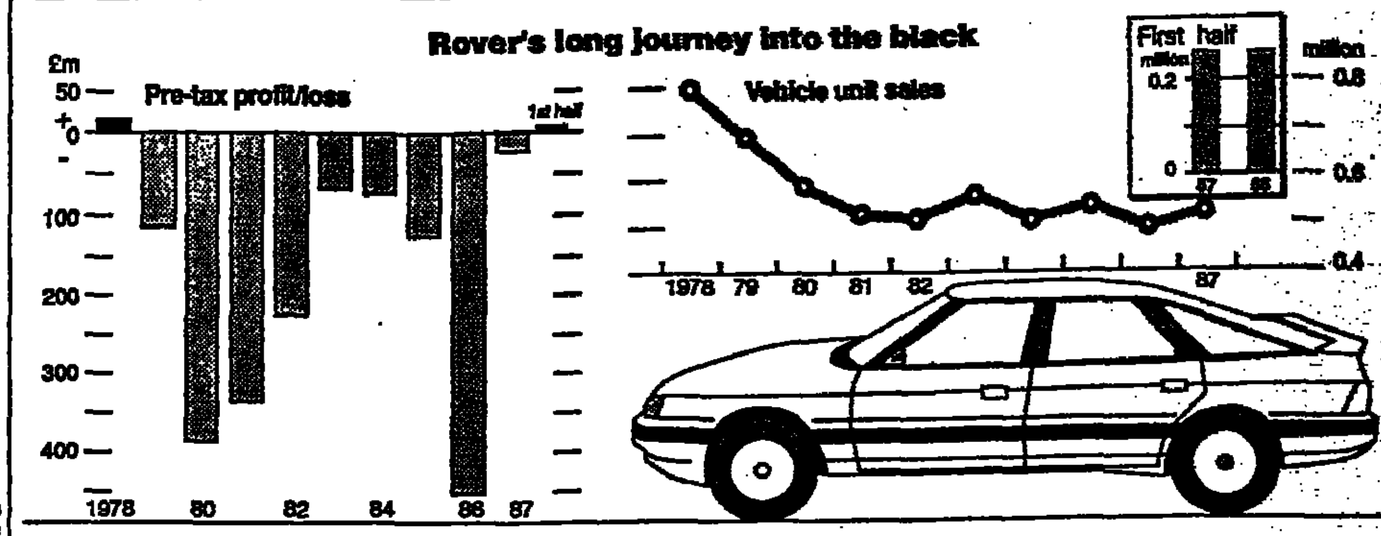
Self-determination

The issue of allowing the people of Hong Kong some self-determination arises again over the formation of the first post-1997 administration. The draft law proposes a series of steps, all in the control of the National People's Congress, which effectively amount to the direct appointment from Peking of the first chief executive and the first legislature. The intent of the Joint Declaration was that the people of Hong Kong should have a say.

On human rights the specific list of guaranteed freedoms is inadequate, according to such widely accepted criteria as those laid down in the International Covenant on Civil and Political Rights. Among the omissions are freedom from torture, inhuman or degrading treatment, freedom from forced or compulsory labour and the right not to be subjected to retroactive criminal law. Even the Chinese might be embarrassed to resist public demands for the inclusion of some of these in the revised law.

Britain's record as a departing colonial power is mixed ; it is not enhanced by the prevalent impression that it has caved in to Peking on too many issues concerning 1997 for the sake of comfortable Sino-British relations thereafter. Any additional safeguards that can be secured now, however slim the chance of their being observed later, would be better than walking away from 5½m people.

William Dawkins and Kevin Done on the startling twist in Rover saga



The suitor hesitates

EUROPEAN Commission officials were briefly confident yesterday that all parties would be satisfied by the Brussels announcement on the future of Rover, apparently clearing the way for the state-owned car company to be taken over by British Aerospace.

Instead, the fraught three-month negotiation between Brussels and London promises to be a cliff-hanger right to the end: BAe has raised new objections to the terms under which the Commission was planning to allow the takeover.

Until the last-minute hitch, the Commission thought it was confirming a deal agreed between BAe and the Government under which Lord Young, the Trade and Industry Secretary, could wash his hands of this troublesome last vestige of public ownership of the British car industry – and do so at a cost to the taxpayer some £250m less than the original arrangement made in March.

But no sooner had a full meeting of the Commission ratified the deal, than BAe asked for more time to consider it. Initial indications from London were that the aircraft company was unhappy to bind itself, as demanded by the Commission, to carrying out the far-reaching restructuring plans prepared by Mr Graham Day, Rover's chairman and chief executive. It is understood that the plans involve radical capacity cuts in which Rover's Cowley plant would be an obvious main element; they will cost £1.5bn in investment and closure costs between now and the end of 1992. But it is also possible that a hitch in the complex tax concessions included in the deal may have provoked the setback.

A senior Commission official said yesterday that Brussels had made a binding accord with the UK Government over the conditions of the sale and that any further problems were a matter for the British authorities to sort out with BAe. Failing an accord between Lord Young and Professor Roland Smith, the BAe chairman, the takeover could collapse, leaving the way open for Rover to be swallowed by a foreign car group such as Volkswagen or Ford.

Yesterday's developments provide a revealing illustration of the fireworks in store as the Brussels authorities act on their determination to take an increasingly tough line against state aid in the run-up to the deadline for the creation of a single European market by 1992. They also offer revealing clues to the criteria the Commission will use in applying its tough approach to the car industry. The next case due for a ruling, probably by the end of the year, is the Brussels inquiry into what it believes may prove to be the artificially low price which Fiat paid in 1986 for Alfa Romeo, the Italian state-owned car maker.

Yesterday's Rover deal came after big compromises on all sides. Its starting point is a £331m reduction in the £800m capital injection into Rover which the UK Government proposed when it agreed terms with BAe in March; yesterday's compromise cuts the capital injection to £469m. The Commission is allowing the Government to grant up to £78m of regional aid for new investment in Rover plants in Longbridge, Solihull and Llanelli – a concession introduced at the Brussels authorities' own instigation.

The regional spending, if fully granted, would bring the total Rover aid allowed up to £547m, a £253m cut from the original plan. However, the deal also includes important tax concessions:

● Rover can write off £500m of past trading losses against the car company's future earnings, which could reduce its tax bill by up to £70m. This concession was included in Lord Young's original agreement with BAe; contrary to earlier indications, the revised deal does not allow BAe to write off Rover's losses against its own profits.

● BAe can, however, transfer to its own accounts up to £500m of tax write-offs for potential capital losses incurred by the car maker and unused Rover capital allowances. In the original agreement, these were to be restricted to Rover, and would not be available to its new parent. The real extent to which BAe can actually make use of this concession to cut its tax bill is unclear. Mr Peter Sutherland, the EC's competition commissioner and architect of the compromise, estimates that the transferable tax breaks could be worth £17m to £25m. Add those to the loss carry-forwards, and there is a potential – even if very theoretical – tax sweetener of up to £95m in the deal.

From the Commission's side, the underlying aim of the financial juggling was to leave Rover with roughly the same relative debt burden as other European car-makers, £100m as compared with the £333m net asset value in its 1987 balance sheet.

To arrive at the £100m figure, Brussels also knocked anything that looked like working capital aid out of the original £800m package. The Commission estimated that the British plan included £221m of working capital, made up of £156m to finance stocks of finished cars on their way to the showrooms, and £75m to cover a provision for cars sold under long-term guarantees in the US, the costs of a strike at the beginning of this year, and increases in debt during the first half of 1988. Rover and its new owner must now finance that £221m themselves.

While the Rover talks were never in danger of breaking down, Lord Young's six meetings with Mr Sutherland were extremely tense. "At times, they both felt bemused at how to take things further," says one observer. The negotiations had nearly reached an impasse until Mrs Thatcher pleaded with Mr Jacques Delors, the Commission's president, for a fast decision when they met at last month's Toronto and Hanover summits.

When Lord Young and Mr Sutherland patched up a deal in principle at a private meeting in Brussels on July 5, the British minister was left with the task of returning home to cajole Professor Smith into accepting it. That is proving the hardest part of the process. EC officials understood until yesterday afternoon that Professor Smith had given the go-ahead on Monday. But now they are waiting for the result of the dog fight going on in London.

To what degree BAe has been privy to the details of Lord Young's negotiations with Brussels is not clear, although the company's terse and cryptic statement yesterday, saying it was only aware of the Commission's proposals "in outline," suggests it was not.

What is clear is that the Rover deal, under the far more onerous conditions insisted on by Brussels, has suddenly lost much of its savour. Professor Smith's last-minute bout of stage fright, will make it difficult for him to persuade already sceptical shareholders, investors and onlookers that the Rover takeover is still the "deal of the decade," full of short-term financial gains and long-term industrial synergies.

While the deal has been under negotiation other important factors have been changing favourably for BAe, however, perhaps reducing the attractions of purchasing Rover. Earlier this year BAe was being forced to announce a £220m provision to meet expected trading losses on civil aircraft orders and assumed sales. The sharp decline in the dollar was undermining its ability to compete in global civil aerospace markets and compounding existing losses.

City analysts argued at the time that with the civil division unlikely to be profitable for a considerable time, Rover was attractive because it diversified risk, and promised an early earnings recovery. Since then BAe's prospects have brightened considerably. The sterling/dollar rate has shifted to the extent that hedging can be effected at much more favourable terms than assumed in striking the provision, and BAe has announced a stream of important civil aircraft orders.

More significantly the prospects for military orders have improved hugely, particularly for the Tornado fighter. They have been buoyed up by BAe's participation in last week's record-breaking Saudi order for British arms, of which BAe's share could be worth more than £4bn.

Though BAe's enthusiasm may be cooling, the subject of all the controversy, Rover Group itself, has been doing the best to make itself as attractive as possible for its intended suitor.

Yesterday, Rover Group announced first half financial figures which show it making pre-tax profits for the first time since 1979, even before the Government cash injection, however large that may be. Its problems are far from over, but for the short-term its financial performance appears set fair on an upward trend.

None the less, Rover's return on a £3bn a year turnover, in the midst of the strongest car market that the UK and West Europe has ever experienced, is still woefully small. As Professor Smith reconsiders Brussels's terms for the deal, that underlying fact should not be too far from his mind.

Iran and Iraq at War

By Shahram Chubin and Charles Tripp
I.B.Taurus; £19.50

WRITING BOOKS about wars that are still in progress is, obviously, a risky business. Much as their human feelings must inspire them to pray for a speedy end to the Iran-Iraq war, Shahram Chubin and Charles Tripp would be superhuman if they had not occasionally in the last few months caught themselves praying that the war should not end just yet – not until their book was safely in print.

The risk, unhappily for the wretched Iranians and Iraqis, was never very great and the book stands up well in the light of the latest events.

The authors have chosen their title carefully, concentrating on the two belligerents themselves. Their method is to write alternate chapters, each concentrating on a different aspect of the war as it affects one of the two countries, but without arranging them in precisely analogous pairs. This is to avoid "attempting to impose a false or strained symmetry," for they rightly stress that "while in the popular view these states are often viewed as morally equivalent, with little to choose between them, they are, in fact, very different."

Shahram Chubin is an Iranian who writes about his own country with greater detachment, and about its regime with greater empathy, than one usually expects of a political exile. As the author of the chapters on Iran, he concluded at the end of last year that "an Iranian military victory now looked more improbable than at earlier times," since "Iraq's will had not been broken and it appeared less likely to collapse" – a conclusion only strengthened by recent Iraqi victories. This led him to suggest that "although the war was no closer to a settlement, the outlines of an eventual peace were dimly discernible" in that "if Iran could not win the war or gain a peace consistent with its domestic needs, perhaps it could just let the war wind down".

He summarises the views of two schools of thought, one believing that Khomeini's "inevitable demise" (but when?) will accelerate the "mellowing" of Iran's revolution and that his successors will be willing to end the war "by letting it die down tacitly rather than formally"; the other (with which Chubin implicitly associates himself) putting "more emphasis on the difficulties of honourable extrication from the war and on the effect such a stalemate – in effect at best a disguised defeat – would have on the legitimacy of the entire edifice of the Islamic Republic".

The implication here is that even Khomeini's putative successors, although knowing that the war cannot be won, may seek to put off admitting the fact because such an admission will aggravate the political problems the regime is struggling to cope with and perhaps even fatally undermine its legitimacy. For an Iranian leader to admit, as Chubin argues, that Khomeini made a catastrophic mistake by failing to accept peace with honour in 1982 when Iraqi troops were driven out of Iranian territory, would involve revisionism of Gorbachevian proportions – and the Iranian revolution is hardly old enough for that.

On the Iraqi side things look more cheerful for the moment – although those in the West who are tempted to feel grateful to Iraq for holding back the Islamic tide should surely ask themselves whether such a victory has not been too dearly bought at the price of a demonstration that chemical weapons can be used with military effect and without significant political cost.

In terms of Iraq's domestic politics, subtly analysed here by Charles Tripp, a lecturer at London University's School of Oriental and African Studies, President Saddam Hussein has got away surprisingly well with his outstanding blunder in starting the war in 1980. Tripp describes very convincingly the miscalculation on which this blunder was based. Saddam assumed that the Iranian revolutionary regime was a mirror image of his own and would therefore be fatally weakened by its dismantling of the Shah's repressive apparatus; likewise that it would respond quickly to a military defeat by seeking accommodation with Iraq in order to free its hands to deal with its domestic opponents.

In fact it turned out to be a very different type of regime and Saddam found himself fighting a far more protracted war than he envisaged. Unjustly, perhaps, it seems none the less to have strengthened his personal position, as the war rapidly turned into a defensive war in which his survival in power has become symbolically identified with the survival of Iraq as a state.

Even so, Tripp argues that this has accentuated the fundamental "discontinuity" between the actual basis of power, essentially personal and tribal, and the nationalist ideology, based on a common language and/or a territorial state, which is used to legitimise that power. Thus the war may have weakened the regime in the long run.

Clearly at the moment the war is going Iraq's way. Iran is now in difficulties economically as well as militarily. But its regime has so far shown a remarkable capacity to ignore economic problems in its determination to continue the war. In a war of exhaustion, Iran retains the crude but telling advantage that there is an awful lot more of it to exhaust. Dilip Hiro, in his useful recent paperback on Islamic Fundamentalism*, points out that in 1985 Iran's war expenditure, although higher than Iraq's in absolute terms, represented only 8.6 per cent of gross domestic product, whereas Iraq's was 57.1 per cent. Chubin reminds us of Adam Smith's dictum that "there is a good deal of ruin in a nation." But more, perhaps, in some nations than in others.

*Paladin; £4.95

Edward Mortimer

Kensington's records

■ Whatever the result of the Kensington by-election today, it is bound to go into the record books. It is the first of the new Parliament and comes after the longest period without a by-election in modern British history. It may also be a record of a kind if a government that has been in power for nine years retains a fairly marginal seat early in its third term.

For purposes of comparison, the Attlee Government of 1945-50 never lost a single by-election; nor did the second Attlee administration of 1950-51. It was only in the late 1950s that by-elections took on a wider significance when the Conservatives lost Torrington to the Liberals.

After that, by-elections became a political barometer. They were a test not only of how a government was perceived to be doing, but of when it could risk going to the country for a general election.

Nothing like that applies in Kensington. The nearest comparison may be with the first by-election of Margaret Thatcher's second administration when the Tories came close to losing Penrith and The Border to the Alliance. But that may have been because the electorate was reacting against the sudden elevation of the sitting member, Willie Whitelaw, to the Lords.

In Kensington the Government cannot be blamed for the by-election. Sir Brandon Rhys Williams, the MP for 20 years, simply died.

That may help to explain the widespread sense of apathy in the constituency. It has been hard to come across many people who want to vote. The split in the Liberal-SDP alliance has increased the feeling of indifference. It is a small constituency anyway and the poll is traditionally low.

So it may be that one of the records about to be broken is the smallest turn-out in a Parliamentary by-election.

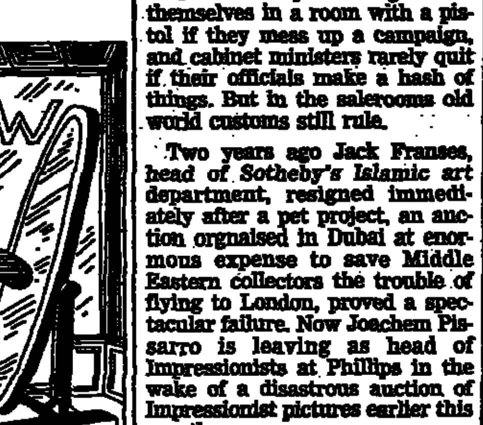
OBSERVER

Parkinson on EMS

■ Cecil Parkinson, the Energy Secretary who may be the next Chancellor of the Exchequer, is a total Thatcherite when it comes to full British membership of the European Monetary System.

He told a meeting in Kensington in support of the Tory by-election candidate, Dudley Fishburn, on Tuesday that if Britain had joined before it would have probably wrecked the system, and that he sees no case for joining now. Some day perhaps, he said.

Incidentally, Parkinson is developing curious slips of the tongue. When he was Trade Minister, he said, he "travelled round the world selling British girls." Then he corrected himself: "British goods."



"I was looking for something more Perry Masonesque."

Fortress France

■ Only French nationals have been invited to this evening's Bastille Day reception by the French Ambassador in London, Vicomte Luc de la Barre de Nanteuil. Apparently there are just too many of them to leave room for anyone else, although the Embassy admits that the French colony has not recently got much bigger and some surprising French names have been left out.

Last year the Ambassador gave a separate reception for les Angliches, but, according to an embassy spokesman, "c'était très dur logistiquement... and this year with the bad weather we feared it would be even worse. We could have put up a marquee, but we didn't want to."

Presumably next year, the bicentenary of the original Quatorze Juillet, a special effort will have to be made.

Howe's double loss

■ Sir Geoffrey Howe, the Foreign Secretary, is about to lose two of his most trusted and cleverest assistants. His principal private secretary, Anthony Galsworthy, 43, a long-standing China hand, who was Head of the Foreign and Commonwealth Office's Hong Kong Dept after being Head of Chancery at the Peking Embassy from 1982-84, is going off for a year to do what he knows best: write about Hong Kong.

Galsworthy is joining the staff of Chatham House to do a research project on the 1982-84 Anglo-Chinese negotiations, which ended in an agreement on the transfer of the colony to China, and which he was closely involved in from beginning to end. It will be interesting to see how much he reveals.

Christopher Meyer, the amiable, if sharp-tongued 44-year-old Head of the FCO's News Dept since 1984, is taking a sabbatical year at the Centre of International Affairs in Harvard. A personal appointee of the Foreign Secretary, Meyer is a Soviet expert on whose advice Howe has depended for a much greater range of problems than media relations. Sometimes described as the intelligent man's Bernard Ingham, the Prime Minister's Press Secretary, Meyer has certainly not been stuffy. But then neither really is Howe.

Saleroom honour

■ Officers may no longer lock themselves in a room with a pistol if they mess up a campaign, and cabinet ministers rarely quit if their officials make a hash of things. But in the salerooms old world customs still rule.

Two years ago Jack Franses, head of Sotheby's Islamic art department, resigned immediately after a pet project, an auction orgnaised in Dubai at enormous expense to save Middle Eastern collectors the trouble of flying to London, proved a spectacular failure. Now Joachem Pissarro is leaving as head of Impressionists at Phillips in the wake of a disastrous auction of Impressionist pictures earlier this month.

Pissarro, great grandson of the artist, was brought in to Phillips in 1985 with the task of mounting a challenge to the dominance of Sotheby's and Christie's in the most lucrative sector of the market. Pissarro offered his first major collection, 17 pictures belonging to Dudley Wright, an American living in Switzerland two weeks ago. Despite an energetic publicity campaign the sale flopped, only six of the works finding buyers.

It is hard to blame Pissarro. The big two have this market sewn up: both sellers and buyers like the re-assurance which comes from a Sotheby's or Christie's evening auction. Phillips does not yet have the same kudos.

Still, there was one positive result: Phillips sold one painting, a Matisse, for over £1m, the first time the firm has topped the seven figure mark.

Wrong wavelength

■ Duke Hussey told parliamentary journalists yesterday that more people listen to The Archers than have seen The Mousetrap. That must be true, but they can hardly include the chairman of the BBC since he seems to think that The Archers are on Radio 2.

ECONOMIC VIEWPOINT

Benign neglect, British style

By Samuel Brittan

DURING THE 1980s economic analysts have become familiar to the point of exhaustion with the twin US deficits – the Budget deficit and the deficit on current account.

The two are of course not the same, but they are related by the savings and investment approach to the balance of payments. The current account deficit is no more and no less than the difference between domestic investment and domestic savings. The Budget deficit is a form of negative saving and has been a chief contributor to the overall fall in the US savings rate.

These considerations have led to the obvious conclusion that it is not enough for the dollar to fall from its 1985 peak. A shrinkage of the current account deficit also requires an improvement in US net savings, to which a reduction in the Budget deficit would be expected to contribute.

What happens if the savings and investment approach is applied to the UK current deficit, which the Chancellor refuses to take as seriously as the City analysts, to the ever-intensifying fury of the latter?

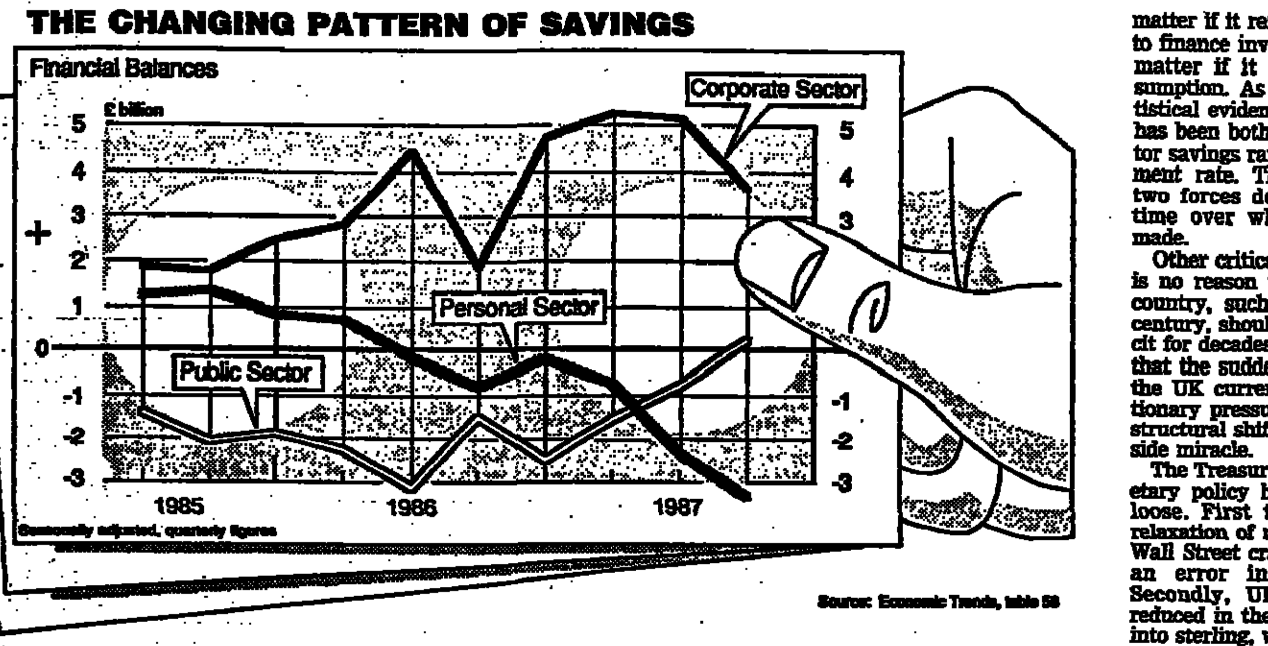
The British case is almost the opposite of that of the US. The public sector deficit has vanished. On the other hand the private sector has experienced both a fall in its savings rate and a rise in its investment rate – the difference between the two is the net private sector savings rate. The fall in this rate has more than offset the improvement in the public sector balance and has been reflected in the deterioration in the current balance of payments.

The size of the deterioration is clouded by statistical fog. Net national savings, despite their steep fall, remained positive in the last quarter of 1987. But the current balance of payments, which by definition should be equal to it, had already moved into the red. For the year as a whole, the notorious "balancing item", which shows the difference between the two, was positive to the tune of £9.2bn.

Despite the resulting uncertainty about its size, there is little doubt that the UK current account is now in deficit. The basic Treasury argument for not being unduly concerned is that a current account deficit which reflects private sector behaviour is an entirely different animal from a deficit associated with large Government borrowing, as in the 1960s or in the US in the 1980s.

As Nigel Lawson put it in a speech on July 7: "The deficits of the past were associated with excessive Government spending and borrowing. Today, the Government's finances are to all intents and purposes in balance, even without taking account of privatisation proceeds, and the current account deficit is entirely a private sector phenomenon, with British business in effect investing on an unprecedented scale and financing this in part from funds from overseas. So the current account deficit, which follows shortly after seven successive years of surplus, in no way detracts from the strength of the British economy."

THE CHANGING PATTERN OF SAVINGS



Source: Economic Trends, table 58

There is some ambiguity in this and other statements. Is the current account deficit of little moment because it reflects rising investment financed in part from overseas? Or the more far-reaching claim being made that private sector financial behaviour as such is not the Government's concern? It is also unclear whether the Treasury believes that the present deficit can be disregarded only because it follows years of surplus; or whether it could be disregarded in any case.

The UK Treasury's public conversion to a form of "benign neglect" of the current account has happened too quickly and at too suspiciously convenient a moment. Since the Second World War, economic policy discussion has been dominated in most countries by the supposed centrality of a balance of payments constraint. Faithful readers will know that I never shared this view. But if public and financial opinion are to be changed, a long and careful process of education is required. Nor would there be any harm if the Chancellor distanced himself from the debate a little so that he left fewer hostages to fortune.

Why should a deficit originating in the public sector be so fundamentally different from a private sector one? The view held by senior Treasury advisers is that the private sector is ultimately self-stabilising – or at least that Government attempts to stabilise the private sector will make any instability worse. This is what is meant by the rejection of fine-tuning. Just as the Government refused to boost the public sector deficit in defiance of 364 economists to offset high intended savings by

The Treasury's conversion came too quickly and was too suspiciously convenient

the private sector in the recession of 1980-81, this time it is equally reluctant to increase the Budget surplus to offset a fall in private sector savings.

Behind the Government's reasoning lies the fact that, in the past, the private sector tended to be in balance or have a surplus. Its recent deterioration can be ascribed to financial deregulation and also to more optimistic beliefs about long term personal income prospects. Both these changes can be regarded as once-for-all. For when new and higher personal debt-to-income ratios have been firmly established, personal savings should, it can be argued, return to something nearer their earlier trend.

A further vital plank to the Treasury case is that it is itself committed to "a firm nominal framework". By this is meant some financial safeguards to make sure that inflation is held in check, whatever the private sector does. Without such a framework, there is always the risk of a deterioration in overseas confidence setting off a sharp fall in sterling, which could in turn lead to a whole chain of inflationary consequences. The implication is that the current account deficit is not so much being set aside; it is rather the judgment about when it is excessive is being handed over to the foreign exchange market. Sentiment there can change very rapidly as the Americans have discovered. When this happened in the case of the dollar in 1985 the Reagan Administration was more than happy to acquiesce in a major dollar depreciation. Such a depreciation would be incompatible with the British Government's counter inflationary framework and interest rates would have to be jerked up sharply to protect sterling. The language and detailed timetable might be different for those who prefer to state policy in terms of "M0" (that is, the total of cash balances in the economy), but the end result would be fairly similar.

It remains to be seen how much weight the foreign exchange markets will give to the distinction between privately generated deficits and the Government-induced variety; or how patiently they will wait for the self-regulating correctives to work. As the Chancellor likes to remind us when making the case for exchange rate management, financial markets can be very short-term, herdlike and populist. Some independent economists would say that a privately generated deficit may not matter if it reflects overseas borrowing to finance investment, but that it does matter if it finances increased consumption. As usual, however, the statistical evidence is inconclusive. There has been both a fall in the private sector savings rate and a rise in its investment rate. The balance between the two forces depends crucially on the time over which the comparison is made.

Other critics would accept that there is no reason why a capital importing country, such as the US in the 19th century, should not run a current deficit for decades at a time. But they fear that the sudden plunge into the red of the UK current account reflects inflationary pressures rather than a major structural shift brought on by a supply side miracle.

The Treasury would accept that monetary policy has in practice been too loose. First there was a worldwide relaxation of monetary policy after the Wall Street crash, which was probably an error in the right direction. Secondly, UK interest rates were reduced in the spring to offset a surge into sterling, which was equally justifiable, but would have made much more sense in the context of a clearly articulated exchange rate policy including words as well as action. Thirdly, there has been a sheer forecasting error – neither surprising nor reprehensible, provided it is not explained away.

I would myself draw a distinction between the downgrading of the current balance of payments, which is overdue, and neglecting the financial behaviour of the private sector.

It is one thing to be continuously trembling over the growth of credit. It is quite another to deny that private borrowing can ever have inflationary implications. Similarly it is one thing to have a medium term objective of a balanced budget but quite another to assert that discretionary changes in fiscal policy need never be used to reinforce the control of nominal demand.

There are two specific weaknesses in relying on short term interest rates alone at present. First, the tax encouragements to home ownership boost the demand for credit and raise the rate of interest compatible with non-inflationary growth, thereby intensifying the conflict between exchange rate stability and domestic balance.

Second there is the lack of a firm long term commitment to tie sterling to the D-Mark or to any other non-inflationary anchor. This makes it more difficult for the government to take in its stride temporary inflationary movements of domestic origin.

I fear that so long as the Prime Minister can prevent change in both these areas, the Treasury's "hands off" aspirations are vulnerable to rude shock.

Lombard

Time to fight the greenhouse effect

By Clive Cookson

SINCE the 1960s environmental scientists have been warning that the greatest long-term threat to life on Earth, short of an all-out nuclear war, is the greenhouse effect – the global warming caused by the build-up of carbon dioxide and other pollutant gases in the atmosphere.

Only now, however, is the greenhouse effect beginning to appear as a issue on the international political agenda, because scientists are taking advantage of the fact that the US drought has forced politicians to think seriously about the weather.

Ironically, there is no evidence to link this particular drought with the greenhouse effect. Such events occur every few decades in North America as a result of natural climatic fluctuations. But the greenhouse effect means that in future long spells of hot dry weather will occur with increasing frequency.

During the last decade the world as a whole has become warmer at what is by historical standards a very rapid rate and the average global temperature has been higher during 1987-1988 than at any time since reliable measurements began 130 years ago.

Although the warming trend is not yet quite strong enough to provide unequivocal scientific proof that it is due to the greenhouse effect rather than a natural fluctuation, a number of senior climatic modellers have abandoned their normal scientific caution and seized the opportunity to mobilise world opinion.

Jim Hansen, of Nasa's Goddard Institute for Space Science, led the way by telling a Senate committee last month: "It's time to stop waffling so much and say that the evidence is pretty strong that the greenhouse effect is here." Scientists from 48 countries at the Conference on the Changing Atmosphere in Toronto followed with a statement urging industrialised nations to reduce carbon dioxide emissions by 20 per cent before the year 2005.

These climatologists are quite right to take advantage of all the publicity about the US drought, even though some of their more conservative colleagues disapprove. The greenhouse effect's causes are so numerous that governments must plan concerted international action now if they are to head off the threat of global catastrophe some time in the next century.

One of the best known predictions is that sea level will rise by several feet, inundating low-lying countries such as the Netherlands and Bangladesh. But the impact of the greenhouse effect on world agriculture would probably be even more disruptive.

Even in the current period of worldwide agricultural surpluses we cannot distribute enough food to prevent millions of people starving in Africa. If there is a worldwide food shortage the outlook for the poor countries does not bear thinking about.

There is no possibility of tackling the greenhouse effect through a technological quick fix. Carbon dioxide produced by burning fossil fuels – mainly coal and oil – is responsible for about half of the greenhouse effect. Since it is the main product of combustion, the quantities of carbon dioxide are far too large to remove from exhaust or flue gases in the same way as oxides of nitrogen and sulphur which come from impurities in the fuel.

The only feasible way to reduce global emissions of carbon dioxide is to burn less coal and oil. That means, for example, developing more efficient car engines and power station burners and above all it means promoting energy conservation far more seriously than any government has yet attempted. In addition, there will be an increasing role for non-carbon energy sources – both renewable ones such as wind, solar and tidal power and, environmentalists must admit, nuclear power.

Some of the other "greenhouse gases" are easier to control. For example, effective steps are being taken to phase out chlorofluorocarbons, used in aerosols and air conditioners, as part of the international agreement signed in Montreal last September to protect the "ozone layer" of the upper atmosphere.

What is needed now is a much more wide-ranging agreement to tackle all atmospheric pollution, taking in the related issues of acid rain, the ozone layer and, most importantly, the greenhouse effect. The shrivelled crops of the Midwest will be a blessing if they prompt the world's politicians to draw up an international law of the atmosphere.

Letters to the Editor

The EC and quarantine restrictions

From Mr Michael Emerson.

Sir, I much appreciate that Edward Mortimer (July 5) has raised issues relating to the elimination of EC frontier controls. It is high time that there was an objective debate on these questions in the UK.

As a British subject resident in Belgium, with family connections in both England and France, each year I am amazed at the British rules for the importation of domestic pets. A holiday for the family, with the pet in a kennel, poses a problem. A switch of residence, involving months of quarantine for the pet, is often a matter of great anguish if not a binding constraint.

There are two distinct issues:

i) Whether the present quarantine restrictions on domestic pets are sensible or not;

ii) Whether frontier controls are a sensible way of pursuing the public health objectives in question.

On the first point, my local vet in Belgium says he cannot recall any report of a single fatality from rabies in the country. When my family goes on holiday in France, we respect the regulation that our dog has an up-to-date rabies vaccination. My vet also tells me that there is no known case of a vaccinated animal contracting rabies. The present quarantine rules seem excessive, even supposing that frontier controls were to remain.

On the second point, let us suppose that a small fraction of the resource costs of customs procedures is notionally allocated at present to rabies control, but that this is redeployed in the future to the National Health Service (NHS).

Would not the welfare – and in particular, the health – of the British people be improved? Is this (comparative static) argument alone not enough, before introducing (dynamic) considerations relating to the need for increasing migratory flows in the European labour market, in particular of business managers and marketing personnel, for the full benefits of market integration to be harvested? Achieving the full benefits also requires the clear elimination of frontier barriers more generally. In this way, an even bigger dividend could be handed over to the budget of the NHS.

I doubt very much that an objective cost-benefit analysis prepared in a 1992 context, would justify the present regime.

Michael Emerson,
50 rue Clement Delpierre,
La Hulpe,
Belgium

Paying by degrees

From Mr David Duncan.

Sir, David Thomas's sad tale ("University challenge that will not go away", July 2) of the financial difficulties of universities with shortages of students who are themselves penurious because of erosion of grants, contrasts with Michael Prowse's "The tyranny of paper degrees" (May 27).

Mr Prowse's suggestion that degrees should have an expiry date of five years would be a disaster. The significance of a degree is that it is not achieved without considerable effort, and that it is a formative influence on the graduate. Degrees have become progressively more important and will be more so. It takes job changes to realise their worth.

He overlooks, however, a significant aspect of paper qualifications. Membership of a union, of a professional body, or of almost any occupationally relevant society, demands an annual subscription fee; failure to pay these dues will result in withdrawal of the right to quote the qualification. If a degree is so valuable an occupational asset, perhaps the university awarding it might charge all its graduates an annual sum for the right to quote it?

David C. Duncan,
TEAM
(Management Appointments),
The Olde Barn House,
High Road Eastcote,
Pinner, Middlesex

Facts dictate conclusions

From Mr Bill Robinson.

Sir, Mrs Townsend (Letters, June 28) accuses the Institute of Fiscal Studies (IFS) of using the wrong data on smoking behaviour and of drawing unjustifiable conclusions from it. She hints that funding by the Tobacco Advisory Council may have influenced our judgement. She is in error on all counts.

The data on individual smokers and on households containing at least one smoker agree in showing a steady decline which has proved relatively invariant to sharp changes in the relative price of tobacco. The common-sense interpretation of these facts is that there has been a trend away from smoking which has more to do with steadily increasing awareness of the health risks than with price variations. Our original econometric investigation bore out this view. A further analysis of single-adult households also shows that the price of tobacco has an insignificant effect on the decision to smoke.

The conclusion drawn by Dr Panos Pashardes and Ms Vanessa Fry in their report for the IFS, that price is not an important factor in the choice between smoking and abstention, thus rests on firm evidence. As with all IFS reports the conclusions are the sole responsibility of the authors, who are independent academics – IFS is a research institute, not a consultancy. The suggestion that it was the funding source, rather than the facts, which dictated their conclusions would be more offensive were it not so ridiculous.

Bill Robinson,
IFS,
180/182 Tottenham Court Rd, W1

The millenium is out of date

From Mr Michael Ivens.

Sir, You report Mr Alexander Sukharev as stating (June 27) that the Christian church came to Russia a thousand years ago. Mr Sukharev is wrong – along with many other people.

Princess Olga of Kiev became a Christian in 957 and was goddaughter of the Emperor of Byzantium. It is irritating to date by 31 years - but that is so.

Michael Ivens,
40 Doughty Street, EC1

'I wish to defend the good name of Orion in dealing with this case'

From Mr Wyn Bevan.

Sir, I view with some surprise and disapproval the article "Row erupts at Orion Plant over steward's dismissal" (July 8).

On discussing the matter with Orion Electric (UK) Management, it was evident that the majority of details in your article relating to the dismissal of Miss Nerys Jenkins bore no relation to the facts. The tone of the article was quite clearly designed to suggest that there was a TGWU- (transport workers' union) related reason for the dismissal, presumably in an attempt to make capital out of the current publicity surrounding the joint agreement between Orion and the EETPU electricians' union.

I therefore consider it important to furnish you with the facts. I not only wish to defend the good name of Orion which, in my view, has acted in an entirely proper and professional manner in dealing with this case, but also to suggest that it is unworthy of any trade union blatantly to attempt to exploit the situation to further their own wider ambitions. It is clear from the misrepresentation of the facts that it was not the best interests of the individual that were central to the involvement of the TGWU in this matter.

Miss Jenkins was employed as an assistant supervisor at Orion. She has never held the office of shop-steward at the plant.

As a member of monthly paid staff, Miss Jenkins would not have been entitled to union representation during her dismissal, as the current union agreement applies to weekly-paid production and clerical staff only.

However, although Miss Jenkins was denied the representation of Mr Godfrey Reid, who as a TGWU local officer clearly has no negotiating or representative rights with the company, she was offered representation by a work colleague of her choice, which she duly accepted.

Miss Jenkins was dismissed for reasons of high levels of absenteeism which were explained to her and can be fully substantiated by the company. The whole proceedings were conducted in a thoroughly professional and courteous manner, with the daily routine of the factory continuing completely undisturbed.

I feel it unnecessary to make further comment on the section of the article relating to the recent salary rise at Orion as I clarified the position when I spoke to your reporter at the time of the article. However, I should correct the misinformation regarding the "new Orion plant", which will, in fact, be an extension of the existing plant, which has been producing video machines for the past two years.

In conclusion, I would like to express my professional disappointment that the TGWU continues to contest a joint agreement between the EETPU and Orion, which has now been operating effectively and harmoniously for well over a year, and which is clearly working well in the current and future interest of all weekly paid staff at Orion Electric (UK) Ltd.

D.W. Bevan,
EETPU,
"North Hill",
7 St James Crescent,
Swansea

FINANCIAL TIMES
Thursday July 14 1988

Peter Montagnon reports on efforts to dispel fears for external trade relations

Looming shadow of fortress Europe

1992 THE EUROPEAN MARKET

Assurances by EC Comissioner Willy de Clercq (right) this week that the single market will not mean a closed market are likely to be greeted with scepticism outside Europe

FOR non-Europeans one of the most worrying aspects of the European Community's plan to create a unified internal market by 1992 has long been its impact on external trade policy.

The EC has come under pressure to spell out the reasons why the internal market will not lead to the creation of a fortress Europe in which the internal barriers fall, only to be replaced by more impregnable walls around the outside.

This week in London, Mr Willy de Clercq, EC Commissioner responsible for external trade, gave a first detailed glimpse of the concepts that are now being developed to guide trade policy after 1992.

In essence, he told an audience of businessmen, diplomats and journalists that the idea was not to create a fortress, but to use the dynamism behind the internal market as a negotiating lever to promote the laudable goal of worldwide trade liberalisation. The key concept, he said, was "what I call overall reciprocity."

Despite the force of this message, the EC is in fact still a long way from formally laying down the form that this policy will take. The Commission itself is known to be wracked by divisions and member governments are a long way from any agreement on detail, as is shown by the controversy over the reciprocity rules contained in the draft new EC banking directive.

But if Mr de Clercq's approach is to be taken at face value, it is not one that will provide much comfort to Europe's trading partners, however reassuring and beguiling the language in which it is couched.

There are three main strands to the emerging concept of EC trade policy after 1992 as he expounded it this week in London.

First, he insisted repeatedly that the single market would not lead the EC into actions that conflicted with its international obligations under the General Agreement on Tariffs and Trade (Gatt).

Second, he was adamant that the economic advantages of opening up the European market should not be extended unilaterally to third country trading partners, from whom reciprocity would be demanded in return.

And third, there would be a small hard core of areas such as motor vehicles, imports from certain East European and developing countries, and textiles where import restraint would have to continue. This would have to be handled on a Community-wide basis, instead of at national level as it had until now, because after 1992 there would be no national barriers to trade within the EC and individual trade restrictions would therefore be impossible to apply.

At one point Mr de Clercq was asked why the EC was so adamant in insisting on sectoral reciprocity, as for example, in the field of financial services, when it had complained bitterly about such clauses in the US trade bill most of which had eventually been watered down or removed.

He replied that the EC was planning a wide-ranging liberalisation in the banking area which would leave its market much more open than that of the US where banks were still constrained by interstate banking restrictions. That made the concept of reciprocal concessions a fair one.

"We shall be ready and willing to negotiate reciprocal concessions with third countries, preferably in a multilateral context but also bilaterally. We want to open our borders, but on the basis of a mutual balance of advantages in the Gatt," he said.

In effect, he was placing trading partners on notice that the EC did intend to seek trade concessions from them in exchange for access to the European internal market. What these trading partners are still uncertain of, however, is quite what his concept of reciprocity is supposed to mean in practice.

The fear is that the EC, under pressure from protectionist-minded industries and governments, will use it as a weapon to make unreasonable demands that go beyond the spirit if not the letter of the Gatt, to which Mr de Clercq said the EC would stick but which is also notoriously open to differing interpretation.

Mr de Clercq was also studiously vague about the kind of reciprocity the EC would demand. "In many cases, we will have to pursue a symmetry not so much in the legal equivalence of conditions of access to markets, but rather an equivalence in their economic effects." He reminded his listeners that there are as yet no internationally agreed rules on the treatment of trade in services. Separately, however, the EC has told its Gatt partners that its decision to open up its internal market should be regarded as a credit in the Uruguay Round for which equivalent favours must be granted in return.

This week, he also dropped a minor bombshell by saying that foreign banking subsidiaries already established in the Community would not be entitled to benefit from the EC-wide market until access of all EC institutions to the parent bank's home market was assured.

Meanwhile he said that measures implementing continuing Community import restraint would only "probably" be discussed with trading partners.

The EC had not yet decided what to do about Japanese cars where a wide range of import restraints currently exists at a national level, but he said that any decision would have to take into account the fact that the EC car exports to Japan amount to only one tenth of Japanese car sales to Europe.

For a start he said he would like to see a longer term agreement with Japan on Community-wide imports of cars covering the period up to 1992 instead of a series of agreements renewed annually as at present. Some officials in Brussels are even airing the idea of a worldwide local content requirement on imported cars that would catch potential imports of Japanese vehicles manufactured in the US in any new quota system.

Mr de Clercq said a key Community objective was "to ensure that the great adventure in liberalisation which will be embarked on until 1992 will reverberate around the world."

It is not yet clear that his emphasis on reciprocity will win the day when the great Brussels debate on trade policy finally concludes. If it does, however, the reverberations may not be quite as complimentary as he hopes.

UK in a muddle over single market, Page 10

Azerbaijan rebuffs enclave's secession call

BY QUENTIN PEEL IN MOSCOW

ANGER and confusion yesterday greeted the attempted rebellion against the Soviet authorities by the isolated rural region of Nagorno-Karabakh, whose Armenian inhabitants are demanding the right to dictate their own place in the Soviet system.

The decision by 101 elected representatives of the regional soviet or local council to declare their secession from the Soviet republic of Azerbaijan and their future adherence to the Soviet republic of Armenia brought an instant repudiation from the praesidium of the Supreme Soviet of Azerbaijan, the top constitutional authority in the republic. There was a deafening silence from Moscow.

Meanwhile in Yerevan, the capital of Armenia where nationalist demonstrators have been waging a sympathy strike in support of the mountain enclave, there were reports suggesting the strike was spreading again and that Communist party organisations were not in control.

For 24 hours the official media put a news blackout on the extraordinary move by Nagorno-Karabakh's regional soviet.

Eventually the demand for secession from one part of the Soviet Union to another was published by the news agency, Tass, beside the decision by Azerbaijan to declare it "null and void."

Nagorno-Karabakh, 75 per cent of whose 180,000 inhabitants are ethnic Armenians, is officially an "autonomous region" with strictly limited local powers, subject to the overall authority of Azerbaijan. The relationship is aggravated by centuries of hostility between the Christian Armenians and the Moslem and ethnically-Turkish Azeris.

Tuesday's council meeting in Nagorno-Karabakh was called to discuss the provision of food supplies amid a general strike under way for almost two months in support of the demand to switch to Armenian rule.

Instead the deputies voted for secession, apparently despairing of a response from Moscow or Baku, the Azerbaijani capital.

Although there is obvious sympathy for the Armenian case in the longer term, Moscow cannot afford to allow unilateral changes in boundaries and jurisdiction, for fear of opening up a host of nationalist grievances.

In Yerevan, the newspaper Sozialisticheskaya Industria reported that only police intervention prevented thousands of demonstrators closing down more factories on Tuesday.

"Most disturbing is the fact that the party committees do not fully understand the situation . . . They can neither rally the collectives to work, nor rebuff the organisers of the strikes."

The same situation of the party losing control has prevailed in Nagorno-Karabakh for weeks, according to the official press.

A lengthy report in Izvestia, the Government newspaper, blamed the party's powerlessness on its former local leader, since sacked both from his job and from the party itself.

Soviet bank loans, Page 2

Bush to attend UN debate on Iran airbus

BY LIONEL BARBER IN WASHINGTON AND ANDREW GOWERS IN LONDON

MR GEORGE BUSH, US Vice President, will attend today's scheduled opening of the UN Security Council debate on the Iranian Airbus disaster, underscoring concern in Washington about the damage the incident has done to America's international standing.

Mr Bush will defend the US shooting of the Iranian airliner, but he is also expected to urge renewed efforts to reach a ceasefire between Iran and Iraq in the 8-year-old Gulf war.

Mr Michael Armacost, Under Secretary of State for Political Affairs, suggested in a Worldnet satellite news conference that recent events, including Iran's efforts to break out of its international isolation and its series of military setbacks, may provide an opportunity to revive detailed ceasefire talks based on Security Council resolution 598. This was passed a year ago and called for an immediate ceasefire and withdrawal to international borders.

In a series of relatively conciliatory statements, he said that attempts to agree on sanctions against Iran to enforce resolution 598 were "not going anywhere."

The council should thus see whether "a little more energy and thrust" could be injected into talks between Mr Javier Perez de Cuellar, UN Secretary-General, and the belligerents on implementing the resolution.

Talks on an implementation plan drawn up by Mr Perez de Cuellar foundered in April when Iran refused sign a statement implying acceptance of resolution 598. But Mr Armacost suggested that the recent ejection of Iranian forces from much of the Iraqi territory they had captured in the last three years could remove one obstacle to securing compliance.

Some Middle East experts believe that both Iran and Iraq have been quietly using intermediaries in recent weeks to explore ways of building on the present stalemate in the conflict.

The decision to send Mr Bush to the UN is unusual as US Vice Presidents do not normally attend such gatherings. But Mr George Shultz, US Secretary of State, is absent on a Far East tour and the debate is a useful opportunity for Mr Bush, a former US ambassador to the UN and the likely Republican presidential candidate, to stress his foreign policy experience.

The Reagan Administration this week offered to pay compensation to the families of the 290 passengers killed in the shot down Iranian airliner.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	82	Dubrovnik	S	27	81	Malta	S	31	88	Rhodes	S	29	84
Algiers	F	29	84	Edinburgh	F	14	57	Manchester	C	17	63	Rio de Jo	C	20	68
Amsterdam	R	16	61	Faro	S	36	97	Manila	C	32	90	Rome	F	35	95
Athens	F	34	93	Florence	F	30	86	Melbourne	S	13	55	Salzburg	S	25	77
Bahrain	C	38	100	Frankfurt	F	21	70	Mexico City	C	27	81	San Francisco	C	16	61
Bangkok	F	33	91	Funchal	C	24	75	Miami	C	30	86	Seoul	R	29	84
Barcelona	S	26	79	Geneva	F	26	79	Milan	F	27	81	Singapore	C	31	88
Beirut	F	30	86	Gibraltar	S	22	72	Montreal	S	18	64	Stockholm	F	22	71
Belfast	C	16	61	Glasgow	C	15	59	Moscow	F	27	81	Strasbourg	F	25	77
Belgrade	F	28	82	Guernsey	C	15	59	Munich	S	24	75	Sydney	S	16	61
Berlin	S	23	73	Helsinki	F	26	79	Nairobi	C	19	66	Taipei	F	36	97
Biarritz	S	22	72	H. Kong	F	31	88	Naples	S	30	86	Tangier	S	35	95
Bombay	F	25	77	Innsbruck	F	23	73	Nassau	C	31	89	Tel Aviv	F	30	86
Bordeaux	C	22	72	Inverness	C	16	61	New Delhi	R	35	94	Tenerife	F	23	73
Brussels	C	17	63	Islamabad	R	26	78	New York	F	27	81	Tokyo	C	24	75
Budapest	S	27	81	Istanbul	F	27	81	Nice	S	27	81	Toronto	C	28	82
B. Aires	C	10	50	Jakarta	F	27	81	Nicosia	F	37	99	Tunis	S	36	97
Cairo	F	35	95	Jersey	F	18	64	Oporto	C	20	68	Valencia	S	30	86
Cape Town	-	-	-	Jo'burg	F	16	61	Oslo	F	20	68	Venice	S	27	81
Caracas	R	26	79	Lima	C	18	65	Paris	C	22	72	Vienna	S	25	77
Casablanca	S	26	79	Lisbon	F	29	84	Peking	S	32	90	Warsaw	C	23	73
Chicago	S	28	82	London	R	18	64	Prague	S	22	72	Washington	S	25	77
Cologne	R	21	70	Los Angeles	C	27	81	Reykjavik	F	12	54	Zurich	F	23	73
Copenhagen	S	21	70	Luxembourg	R	17	63								
Corfu	S	28	82	Madrid	S	32	90								
Dallas	F	33	91	Majorca	S	29	84								
Dublin	F	17	63	Malaga	S	26	79								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Angola peace hopes rise

Continued from Page 1

troops from Angola in exchange for a South African pull-out from southern Angola, and the implementation of the UN plan.

Mr Neil van Heerden, who led South Africa's team, appeared somewhat more cautious, telling reporters simply that negotiations were "on track".

There was no evidence that the wide gap between the two sides over the timing of the withdrawal had been narrowed.

South Africa is thought to demand that it should take place over 12 months, the time it would take for the UN plan to be implemented. Cuba and Angola have offered a phased withdrawal lasting four years, although their officials have recently indicated that it could be shorter.

Officials at talks were reported as saying that the document neither set out a timetable, nor agreement on ceasefire terms.

The critical question remains whether South Africa, after years of intransigence and fruitless negotiating efforts led by the West, is now prepared to live with a black-ruled Namibia. Most observers remain sceptical – but few expected the talks would get this far.

Falling sales force Bild to change its focus

By David Marsh, recently in Hamburg

BILD, the Federal Republic of Germany's most raucous and biggest-selling newspaper, serves both as a mirror and as a distorting lens for West German society.

To move with the times and rally failing circulation, it is trying to change focus by putting more emphasis on youth, the environment – and accuracy.

It is not abandoning its lurid sensationalism, but wants to base it on facts rather than half-truths. And it may also tone down its traditional invective against East Germany.

According to Mr Werner Rudi, the new editor, "Bild needs a vitalising injection." Its circulation has fallen to about 4.7m from roughly 5m last year, and the paper is getting worried that it has too many older readers.

Mr Rudi, aged 37, who took over earlier this summer, says he wants to bring in "a thematic, linguistic and graphic renewal." Ecology has to be related more to ordinary people. He says that the paper will be running stories on what sort of food and washing powder to buy, and how shoppers should use baskets rather than plastic bags: "The environment begins in the kitchen."

The paper has already run a month-long campaign to collect money for seals dying on the North German coast as a result of sea pollution. Readers are being asked to put up money for anti-pollution research and to "adopt" seals at DM1,000 ($545) each.

Mr Rudi, who dresses casually in jeans and a turquoise shirt, comes from southern Germany. His arrival amounts to a minor revolution at the right-wing Springer press group of which Bild is the flagship. He took over the editor's seat from a man 20 years older. Responsibility is shared between him and the editorial director, Mr Claus Jacobi, a longtime Springer editor.

One area for a potential new look concerns East Germany. True to the fierce anti-communism of the group's founder, the late Mr Axel Springer, all the newspapers in the Springer empire place ironic quotation marks around the initials "DDR" whenever referring to the German Democratic Republic.

Mr Rudi says he believes this is a "relic from the cold war." Although the move first needs to be discussed with all the editors in the Springer group (and also, no doubt, the management), he says, "We must find ways of getting away from this."

What about Bild's reputation for untruths? Mr Rudi, who moved into the Bild editorial chair after running Springer motor and sport publications, denies any outright lies, but says the paper has a "credibility gap."

He pledges more careful checking in future. "It is better to have to pull back a story than to have one which looks wrong the next day." He says "simplification" of news is legitimate, but the truth should not be changed.

The major front page Bild story on Tuesday was the news that Mr Franz Beckenbauer, the former German soccer player who now manages the national team, has left his long-time live-in girlfriend and retreated to a south Tyrol holiday hide-out with a secretary from the German Football Association.

Is anyone really interested in this? Speaking like a social scientist, Mr Rudi replies defensively that Beckenbauer "is on the fringes between a relative and an absolute personality." This was born out by "market research."

The paper had received word of the story a few days previously. But it held back until it had established firmly that Mr Beckenbauer's former girlfriend had left him. Mr Rudi claims slightly sanctimoniously that Bild would not print stories of mere romantic "adventures" as this would represent "an intrusion into the private sphere" of the personalities involved.

Mr Rudi concedes that a lot of spicy German news has to come from the likes of "Rambo or Joan Collins" because of the lack of home grown material. "The British royal family is like a dream – it's Dallas only it's true."

Germany has neither royalty nor a proper film industry nor really rich people, he complains. And the wealthiest Germans do not show their riches off much. "We lack the chic charity set you have in America."

Mr Rudi has been given a five-year contract. He says it will take time to show that the "oil tanker" Bild has changed course. What would he like to do afterwards? He says his ambition is to become a foreign correspondent in the US. But not in boring old Washington – he wants to follow the glitz in Santa Monica, California.

THE LEX COLUMN

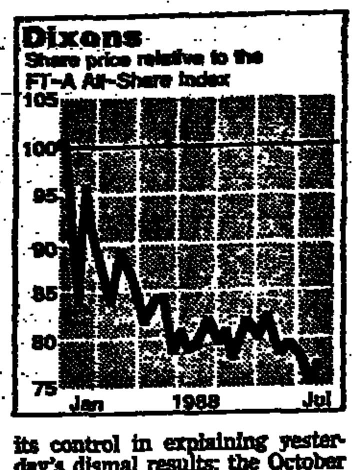
A knot in Rover's tow rope

The real puzzle in the Rover debacle is what British Aerospace is so concerned about. The new financial package may be so changed as to be scarcely recognisable, but the company had seen the gist of the proposals last week, and still believed it had a deal as late as yesterday morning. Press briefings were arranged, Rover's profits were released with a flourish, BAe's shares were suspended, and then a deep, embarrassed silence.

It is not even clear that tax losses are at the root of the problem. BAe still cannot group Rover's losses from trading, but it can take in past capital allowances and future losses on disposals. In any case, yesterday's interim figures show that even within Rover, tax losses are starting to be worth something. Assuming no interest charges after the debt write-off, Rover's taxable profit for the six months would have come out at £29m.

It is suggested that BAe objects to the Commission having six-monthly reports on the progress of Rover's corporate plan; but that would only make sense if the plan contained implicit subsidies which the Commission had contrived to block. One is tempted to wonder whether BAe's institutional shareholders, who have presumably been reading their newspapers, have been expressing a less relaxed view of the revised proposals.

Dixons



There is nothing like a calculated admission of guilt to get the market on side, especially if one can show that the descent into error has been a salutary experience. Dixons was probably right not to spend too much time pleading circumstances beyond its control in explaining yesterday's dismal results; the October crash was obviously a major blow, but the underlying weakness of the business came in for plenty of criticism.

The absurdity of allowing the group's own two retailers, Dixons and Currys, to compete with one another on price has now been dealt with; and Dixons' optimism for the current year seems to be based on prospects for margin improvement rather than on the sort of unrealistic demand expectations which got the company into trouble in the first place. Prices seem to have stopped sliding, and the stores are seeing more customers; but the next trinket to hit the market, the satellite dish, will be at least a year in coming, with little to excite the consumer before then.

With the shares on a 10 to 15 per cent discount to the stores sector, now may be the time to give Dixons the benefit of the doubt. But it is worth remembering that the stock's underperformance is not just a post-crash phenomenon. The shares have been losing value against the market more or less steadily since the middle of 1986; for this to be reversed, evidence will be needed that the lessons of complacency have truly been learnt this time.

RHM

The news that Goodman Fielder is considering an offer for Ranks Hovis McDougall at something near the present price probably means the game is up for RHM. Goodman may not win at what seems a lowish price, but the size of its stake and the presence of greedy arbs on the shareholders' register after months of bid speculation will make it hard for RHM to defend itself against either Goodman or a rival bidder. An offer at yesterday's price of 450p would be mean, but not outrageously so. The defence will doubtless argue that 14 times 1989 earnings is pathetic compared to 23 for Rowntree, and point to the consistent 20 per cent earnings growth produced by RHM over the last five years. The aggressor will surely have fun contrasting a bag of flour with a box of After Eights, and can always dwell on the underlying lack of growth in the business itself. The decisive argument, for less faithful shareholders, may be the prospect of the 21-odd fall in the share price if Rank were to escape.

The real question now is whether another bidder will emerge. Buying Rank takes some doing; a rival would not only have to find more than £1.5bn and take on over £200m of Ranks borrowings, but also prepare for a goodwill write off of £1bn or so. However, if Goodman, which is about 100 per cent geared already, can make the sums work, then another bidder which overlapped with RHM in its business – in a way which Goodman does not – should be able to do the same at a slightly better price. A cash bid could probably pay for itself at up to £5 a share; the snag is that the most likely bidders, ABF and Allied Lyons, have so much overlap that they might not be allowed to move even if they wanted to.

Union Discount

If the intention of the Government in its recent vacillations on interest and exchange rate policy was to confuse the market, Union Discount's interim announcement seems to show it succeeding. The company should have made a lot of money when base rates fell to 7.5 per cent earlier this year; but having seen no justification for lower rates, it got its gilt book the wrong way round. When rates then rose again it was stuck, leaving its profits for the first half well down.

Any company thinking about how nice it would be to be a discount house, and considering an application to the Bank of England, might draw a lesson from this. Union often talks of lower profits at the half year, but this time the customary adjective "satisfactory" appears nowhere on the statement. Indeed, the only enthusiasm shown is in its efforts to diversify away from its traditional businesses altogether.

INTERNATIONAL APPOINTMENTS

President chosen for Air Products and Chemicals

THE BOARD of Air Products and Chemicals, US-based industrial gases and chemicals group, has elected Mr Frank J. Ryan president and chief operating officer from the start of this month.

These titles have been held by Mr Dexter F. Baker, 61, who took over additional roles of chairman and chief executive on December 1, 1986, from Mr Edward Donley on his retirement from these positions at the age of 65.

Mr Donley, who has remained a board member and chairman of the executive committee, joined the company in 1943 when its employees numbered only about a dozen. The post-war years have brought dynamic and consistent growth, with group revenues reaching $2.13bn in the year to end-September, 1987. Mr Baker has served 35 years with the company, and Mr Ryan 31 years.

Dr J. Robert Lovett succeeds Mr Ryan as group vice president, chemicals, and Mr Harold A. Wagner moves from the post of vice president, business divisions, chemicals group, to assume the former position of Dr Lovett of president, Air Products Europe. Mr Wagner has spent 25 years with the company, while Dr Lovett joined in 1976.

Mr Ryan and Mr Alexander P. Dyer, executive vice president, gases and equipment, have been elected to the board of directors.

Mr Baker said: "Throughout his career, Frank Ryan has demonstrated the executive skills vital in building new businesses, particularly in developing the people and organisations necessary to start up and operate them. His appointment and those involving Bob Lovett and Harold (Hap) Wagner will strengthen our exceptional management team in ways best suited to meet the ambitious objectives of our corporate growth plan."

In 1966, Mr Ryan became assistant general manager for the group's US industrial gases business after holding various posts in the sector since 1957.

He switched to the chemicals side in 1968 and was elected a vice president in 1971 and head of the industrial chemicals division. In 1978, he became group vice president, chemicals, over all the chemicals business worldwide.

* * *

AT LEADING Australian bank Westpac Banking, Sir James Foots, the chairman, announced that Mr Keith W. Halkerston has joined the board of UK subsidiary Mase Westpac, and Westpac's London advisory board.

Sir James said he is delighted that Mr Halkerston, who recently took up residence in the UK, had accepted the invitation to join the London boards. He added: "Mr Halkerston's wide experience in business and finance will be a valuable addition to the existing expertise of the boards."

Mr Halkerston is chairman of Peko Oil, deputy chairman of Boral, Australia's premier building products group, and a director of North Broken Hill. He was formerly chairman of Baring Brothers Halkerston and Partners, and also of Peko-Wallsend, and was a member of the 1979-81 committee of inquiry into the Australian financial system.

* * *

FOLLOWING the $1.8bn cash leveraged buyout of the Duracell group of companies by Duracell Holdings Corporation, an affiliate of the US Kohlberg Kravis Roberts, from Kraft, the big Midwest food processing group, Mr Peter Schatz, president and chief operating officer of Duracell Europe, has been made a director of Duracell Holdings. The buyout was completed on June 24.

Duracell is the world's leading manufacturer of alkaline batteries for the consumer. Group annual sales have reached $1.1bn and net profits last year came to $54m. It is No. 2 in the $2bn US battery market behind Eveready. Kohlberg Kravis, a large Wall Street investment house, is a specialist in the management leveraged buyout business.

Other Duracell directors include Mr C. Robert Kidder, group president, and Mr Charlie Perrin, president and chief operating officer of North America and International Development Markets of Duracell. Four principals from Kohlberg Kravis on the Duracell board are Messrs Henry Kravis, Tom Hudson, George Roberts and Kevin Bousquette.

Chairman of Dutch Banks' committee

A NEW chairman has been appointed for the Consultative Committee of the Banks in the Netherlands from July 1.

Mr R.J. Nelissen

He is Mr R.J. Nelissen, chairman of the board of managing directors of Amsterdam-Rotterdam (Amro) Bank. He succeeds Mr Herman H.F. Wijffels, chairman of the executive board of Rabobank, the large co-operative bank and the second-largest Dutch bank in terms of assets, ahead of No. 3 ranking Amro.

Mr Wijffels has become vice chairman of the Consultative Committee. Mr Nelissen remains chairman of the Netherlands Bankers' Association.

Advertising agency JWT appoints two vice-chairmen

THE NEW YORK-based J. Walter Thompson advertising concern, acquired a year ago by, and the largest operating unit of, the British WPP fast-expanding marketing services group, announced that Mr William C. Thompson Jr and Mr Peter A. Schweitzer are assuming new worldwide management and operating responsibilities at JWT.

They have been promoted to vice chairman, client operations, and vice chairman, agency operations, respectively, both from a previous title of executive vice president at the $3.4bn JWT worldwide advertising agency.

Mr Burt Manning, JWT chairman and chief executive, said: "The two essential functions of an advertising agency are managing the accounts and managing the agency. Conventionally, we would have one chief operating officer responsible for both jobs, but in an agency the size of JWT, I believe there is a better way. By dividing some operating responsibilities and sharing others, Bill Thompson and Peter Schweitzer will have time to spend on client issues, which after all, is the business of advertising."

Mr Thompson, 49, joined JWT in 1965, but between 1982 and 1987 worked for McCann-Erickson as executive vice president and director of multinational accounts. In a similar capacity, he has since served at JWT. Mr Thompson commented: "JWT is about to embark on what we believe will be one of the most productive and successful chapters in its 124-year history.

"Our clients, such as Unilever, Kodak, Warner-Lambert and Kellogg, expect the best advertising in the business and we intend to continue creating just that."

Mr Schweitzer, 48 and with 13 years at JWT, last served as JWT executive vice president and general manager of JWT Detroit, including being worldwide director of the Ford account. He will co-ordinate his new duties from Detroit, as well as maintaining his Ford relationship.

* * *

BP CANADA, the oil, gas and minerals group over 50 per cent owned by British Petroleum, is to have a new president and chief executive from September 1.

He is Mr David A. Claydon, born in the south of England in 1935, who has also been appointed a director of the Canadian concern and will reside in Calgary. He succeeds Mr M.A. Kirkby, who has decided to retire from the company on August 31 and will return to the UK.

Mr Claydon has been chief executive of BP Gas International since December, 1985, and he is also currently a director of BP Exploration. He has held numerous positions in the British Petroleum group since joining in 1957.

Finance Director
Financial Services

£70,000+Bonus+Benefits — City

Wide ranging responsibilities for the management of change and growth in a profitable, fast growing company. Effectively Chief Operating Officer responsible for the Management of the business and the development of future strategy.

THE COMPANY
◇ A profitable, highly respected Lloyd's managing and members agent.
◇ Rapidly growing and planning to expand, possibly by acquisition, into other financial service sectors.

THE POSITION
◇ A new position made necessary by the Company's growth and development.
◇ Total responsibility for all aspects of the financial management of the business.
◇ Key tasks are to restructure the business and to develop strategic plans which may include identifying and negotiating acquisitions.

QUALIFICATIONS
◇ Qualified accountant, ideally a graduate FCA. Aged 35-45.
◇ Experience in a senior financial management or consultancy position in financial services.
◇ A combination of technical accounting, computer skills and the ability to think strategically. Excellent inter-personal and man-management skills are essential.

COMPENSATION
◇ Base salary negotiable c.£70,000 plus bonus, excellent fringe benefits and stock options.

Please reply in writing enclosing full cv quoting Reference G2760 to: 54 Jermyn Street, London SW1Y 6LX.

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FINANCE DIRECTOR

Our clients are a successful private company in the South Midlands. Highly seasonal products are manufactured at four UK locations and turnover has grown rapidly in recent years to about £12m. The company will continue to grow and diversify.

Financial and information systems are well developed and computerised and they wish to appoint a Finance Director, able to take a practical, down-to-earth grip on all aspects of financial control.

We would like to hear from qualified accountants with: a successful track record; experience of the overall financial and secretarial affairs of a medium sized independent business; strength in cost and management accounting; interest in the timely production and effective monitoring of information as well as its interpretation; a wish to earn up to £30K plus car and other benefits.

Please write with CV in confidence to Terry Turner. No names passed on without permission.

TERRY TURNER & COMPANY
RECRUITMENT & MANAGEMENT CONSULTANTS
The White House, Market Place, Chalfont St Peter, Bucks SL9 9HE. Tel: 0753 885661

Head of Audit

c£30,000 + Car

This is an opportunity for a Chartered Accountant with several years audit management experience to make a career move from the profession into a major commercial/industrial group.

The client is a substantial high technology organisation with a turnover in excess of £300 million achieved through a number of substantial manufacturing operations located largely in southern England.

The Head of Audit will be responsible for ensuring the effectiveness of controls across the entire business by ensuring that appropriate control procedures are in place and are implemented. Applicants will therefore need well developed investigative skills, sound judgement and a flair for systems. The all round ability and ambition to move to a line accounting position in approximately 2 years is an important requirement.

Age guideline 28-32. Base location West London.

Please reply in confidence, quoting ref. L369 to:

Brian H. Mason
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Add to these diplomacy, sensitivity to the structure and implications of major transactions coupled with the ability and determination to work under considerable pressure and you will understand why this area represents a stimulating and rewarding career challenge.

We have been asked by a number of the UK's leading merchant banks and brokers to assist in the initial briefing and selection of *suitable applicants. If you are a* **graduate** *and* **qualified** *either as an* **accountant** or **lawyer**, then Corporate Finance could be an ideal career option.

To arrange the first stage, phone **Roger Tipple** MA or write to him enclosing full career details. He will be pleased to offer impartial advice in the strictest confidence, prior to submission of application to these noted financial institutions.

the *fleet* partnership

Financial Recruitment Consultants, 37/41 Bedford Row, London WC1R 4JH. 01-831 1101 (24 hours)

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ASTUTE AMBITIOUS ACCOUNTANTS

At a time when many oil companies were scraping the barrel for their cash reserves, Atlantic Richfield Company was planning for future acquisitions. Today, we are one of the strongest energy companies and ARCO British Limited is driving forward with exciting expansion plans.

The calibre of our people is the key to our success. We work in small and highly talented teams, applying "best practices", eager to innovate, and assertively commercial.

The Accountants who will help fuel our growth must be the best. We are looking for astute, ambitious professionally qualified people in Performance Reporting, Financial Reporting, Financial Analysis, Joint Venture Accounting and Audit. Immediate opportunities exist at a variety of experience levels.

Our team structure and emphasis on individual responsibility will give you more scope to operate and broader responsibilities than usual. The work will be challenging, the environment stimulating, and the prospects exceptional, with potential career progression on an international scale. We are looking for highly motivated individuals with at least 2 years' post qualification experience in a "blue chip" environment. Oil industry experience would be an advantage.

Salaries are negotiable up to £25,000pa plus a valuable *benefits package including non-contributory pension, free* health care and life assurance schemes. Generous assistance with relocation will be provided where appropriate.

If you can provide the skills that are the bedrock for our expanding business, send your c.v. to
Grace MacArthur, Employee Relations Advisor,
ARCO British Limited, ARCO House, 48 Grosvenor Street,
London W1X 0AN, or telephone for an application form on 01-409 2466 ext 3869.

ARCO

ATLANTIC RICHFIELD COMPANY ATLANTIC RICHFIELD COMPANY ATLANTIC RICHFIELD COMPANY ATLANTIC RICHFIELD COMPANY

A BET PLANT SERVICES COMPANY

HAT Contracting Services

Business Systems Manager

Leeds — *to £25k + bonus + car*

HAT Contracting Services are specialist subcontractors providing a range of services including industrial painting, shotblasting, insulation, fireproofing, and asbestos removal to the oil, petrochemical, power and marine industries. Budgeted 1988/89 turnover is £50 million, and the Company is profitable, acquisitive and poised for future growth.

The Business Systems Manager will report direct to the M.D., and will be responsible for **developing computer-based management information systems throughout the Company.**

This will involve:
- identifying areas which will benefit from computer-based systems (e.g. estimating, contract planning, plant/material control), working with directors to carry out feasibility studies, and taking subsequent responsibility for hardware/software selection, and systems implementation.
- an initial priority will be to implement financial information systems across 14 UK sites by April 1989.

Longer term prospects within HAT and BET in either information systems or accounting roles are excellent.

Applicants will ideally be **qualified accountants, with substantial experience of computer-based management information systems.** Experience of a multisite operation, either in the building/construction or contracting industries would be useful.

To apply, write to Caroline Dunk at the address below, with a brief career history including details of current earnings quoting reference FT/191.

Deloitte Haskins+Sells
Management Consultancy Division
Cloth Hall Court, Infirmary Street, Leeds, West Yorkshire LS1 2HT

Dataserv International, Inc is a multi-faceted computer services company specialising in the lease, sale, purchase, maintenance and parts supply of computer systems: particularly IBM and Digital. Part of BellSouth Corporation with 1987 revenues of $12.3 billion, Dataserv is also established as a leading provider of specialised point-of-sale and banking-related products.

Dynamic plans for the company's continued growth in the UK and Europe create the opportunity for the recruitment of a Senior Lease Accountant and Financial Accountant to work from its European Headquarters in Windsor Town Centre.

SENIOR LEASE ACCOUNTANT — to £22,000 + Car + Benefits

Reporting to the UK Lease Accounting Manager you will be responsible for the collection of information, classification, accounting and reconciliation of leases within the UK leasing operations. You will need to liaise extensively with senior management, sales personnel and external auditors.

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FINANCIAL ACCOUNTANT — to £20,000 + Car + Benefits

A finalist or recently qualified accountant is required to further enhance the operational accounting function. Reporting to the UK Chief Accountant your responsibilities will include the accounting for intercompany transactions, fixed assets and depreciation and assisting in the preparation of monthly financial reports. This position also involves the further development of management information systems and the supervision of two accounting staff.

Both positions offer genuine career opportunities into line management.

For further details and information, contact Andrew Fowler or Clive Pugh on the number below or send a full C.V. no later than 25th July to:-

Management Personnel, 51 High Street, Eton, Berkshire SL4 6BL
Telephone 0753 854256 – 24 hours.

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Düsseldorf — **£40K+**

Our Client, a leading international fashion company with operations and interests throughout Europe, the US and the Far East, is currently seeking two outward-going young financial controllers for their rapidly expanding operations in West Germany.

Reporting to the European Chief Financial Officer, the successful candidates will be responsible for the overall financial control, EDP and treasury functions for one of the Group's design, manufacturing and marketing operations in Dusseldorf.

The candidate, ideally a qualified chartered accountant, should have at least 2 years' experience with an international FMCP Group. Aged 28-40, you should demonstrate an active and creative mind along with excellent communication skills (a knowledge of German or Hindi would be a distinct advantage) in order to operate in this environment.

For the successful candidate excellent opportunities exist for advancement. If interested please contact **Warwick Holland** on 01-831 0431, or write, enclosing full CV to **Michael Page International,** 39-41 Parker Street, London WC2B 5LH.

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These two senior positions with Ireland's foremost financial services organisation arise as a result of a strategic re-organisation of the financial function within the Bank of Ireland Group.

Head of Group Financial Planning and Analysis

Financial planning and analysis are seen as critical functions in the development of all Group activities in Ireland, Britain, the United States, Europe and the Far East.

The Head of Group Financial Planning and Analysis will report to the General Manager – Group Financial Control. Principal responsibilities will include:

- providing a dynamic and value added financial focus to the evaluation of Group performance
- leading the annual budgeting and forecasting processes within the Group
- evaluating major capital expenditure and acquisitions
- supporting strategic and financial reviews.

The successful applicant, probably aged between 35 and 45, will have demonstrated a high level of financial skill and a progressive track record of achievement. The ability to quickly gain a thorough understanding of the Group's activities and to establish effective working relationships is essential.

Desirable personal attributes include intellectual agility, well developed and proven management skills and a desire and willingness to take initiatives.

Head of Group Financial Reporting

The Head of Group Financial Reporting will co-ordinate all reporting inputs from the Group's diversified operating units in Ireland, Britain, the United States, Europe and the Far East. Consequently, experience of complex multinational financial reporting will be a definite asset.

The function will report to the General Manager – Group Financial Control. Principal responsibilities will include:

- providing the Chief Executive and Group Management with timely, accurate and consistent financial information
- supervising the smooth running of the financial reporting function throughout the Group
- ensuring the timely and accurate preparation of stockholder and regulatory reports.

The successful applicant, probably aged between 30 and 40, will have a track record of leadership and achievement and will be able to demonstrate exceptional organisational ability and strong management and communications skills. The ability to quickly establish effective working relationships with financial officers throughout the Group is essential.

Prospects for further advancement are excellent and the remuneration packages will not be a limiting factor.

Applicants should write, enclosing a curriculum vitae and explaining how they meet the position specification, to:

Mr. Paul Hartnett
General Manager – Personnel
Bank of Ireland Group
Head Office
Lower Baggot Street
Dublin 2.

Bank of Ireland

FINANCE MANAGER

PROPERTY

City

c. £33,000 + Car + Benefits

This diversified ambitious Group, employs around 10,000 people, produces and supplies many of the world's basic needs and has some impressive plans for the future. The property division is a successful unit within this major British plc, and is involved in both commercial and residential property investment and development. The continued success of the division has created the need for this new post.

The main task of this position is to report to the main Board on the results and operations, to ensure that financial control is maintained, and assist in the commercial development and planning of individual businesses.

There will also be involvement working closely with the responsible directors in targeting and evaluating potential acquisitions of a corporate or transactional nature and actively seeing initiatives through to fruition.

Suitable candidates will be qualified accountants and relevant property experience is essential. This experience may have been gained in a practice environment or through a commercial company. Aged to 35 and possessing all the personal qualities that are pertinent to this high profile position.

*To discuss this position in further detail, contact **Harsa Savjani** on **01-629 4463**, alternatively write to her at the address below, enclosing a comprehensive current career history. Please quote Ref HS141.*

EXECUTIVE SELECTION DIVISION

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US MULTINATIONAL

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N. SURREY

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As part of a major expansion plan in Europe the group has identified a need for a deputy to the European Tax Manager. The role will entail responsibility for tax planning, compliance and reporting requirements throughout the European group of companies.

To reflect the company's dynamic and forward looking approach, applicants should be self motivated, commercially minded and relish the opportunity to be innovative and constructive. They will ideally be Chartered Accountants, aged under 35, with post qualification tax experience in the profession or in industry.

The rapidly developing company offers genuine career prospects either in the tax function or other senior financial posts.

*For further details please ring **Annie Maxey** or **Karen Filleul** on **01-499 0729** (evenings **01-870 8891/878 6935**) or send your c.v. to the address below.*

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FINANCIAL RECRUITMENT CONSULTANTS
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Project Accountant

City — **Package to £26,000**

Our client is a substantial force in general business insurance and a market leader in the motor insurance field. The company has achieved outstanding performance in recent years, with consistent growth in premium income, profitability and shareholders' funds.

Continued expansion and progressive planning have led to the need to recruit a high calibre individual to undertake accounting systems development and related project work. The role will encompass the review and enhancement of existing operations and the installation of sophisticated new computer facilities. Reporting to the Financial Controller, this is a key role in the financial management team.

Applicants should be qualified accountants, age parameters 25-32, preferably with experience in the utilisation and development of computerised accounting packages and some knowledge of fourth generation languages. Insurance experience is desirable but not essential, while the seniority of the position demands strong inter-personal skills.

For further information please contact Janet Bullock on 01-831 2000 or write to her at Michael Page Partnership, Financial Services Division, 39-41 Parker Street, London WC2B 5LH.

All enquiries will be dealt with in strictest confidentiality.

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London based with up to 35% travel

c£30,000 + Car + Benefits Package

Our client, a division of a major multinational group is a worldwide market leader in its field. Operational activities are managed through three regions, the largest of which is based in London.

As a key member of a small management team, you will provide support to the Regional Vice-President in the line management operations in eight countries with sales of approximately US$190 million. The geographical sector covers the UK, Scandinavia, Australia, New Zealand and the Far East and your responsibilities will include:

★ Acquisitions appraisal;
★ Financial analysis and reporting;
★ EDP routines;
★ Ad hoc international project work.

The appointed candidate will be a qualified accountant, aged between 30-40. Experience of US reporting in a multinational organisation together with the ability to find solutions to a wide variety of operational problems, both in manufacturing and marketing units, are prerequisites. Whilst accounting expertise is important, it is vital that potential candidates are able to demonstrate commercial acumen and business analysis skills.

Interested individuals are invited to write, giving full career details, to Gerry Davies, Executive Division, Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH, quoting ref. M101. Complete confidentiality is assured. Tel: 01-831 2000.

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£22,000 + CAR AND EXCEPTIONAL BENEFITS

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As the senior finance person within the business, the Finance Manager's role is to contribute to the decision-making process by refining systems, developing forecasts and analysing results in concert with marketing and operational management.

The job is therefore very wide-ranging and calls for a strong commercial bias and good inter-personal skills. These qualities and a recognised accounting qualification are more important than directly relevant experience.

Benefits include a non-contributory pension scheme, private medical insurance, 28 days annual holiday plus relocation if appropriate.

Write or telephone for an application form or send full details (with daytime telephone number and current salary) to our adviser, R. A. Phillips, ACIS, FCII, Phillips & Carpenter, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours). Please quote Ref: 1664/FT.

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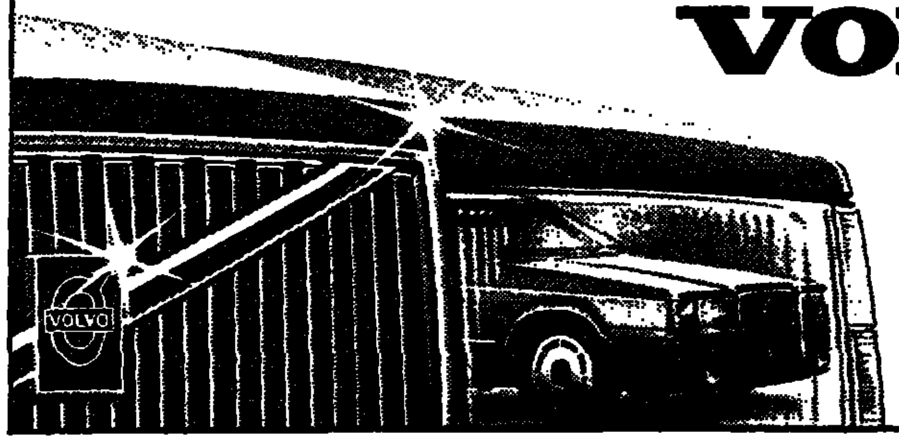

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Our clients, Hambros Bank Limited, wish to strengthen further their medium term finance and shipping division. They have a strong reputation in this area and now seek a young executive to join their project team.

The range of clients and type of service is very wide, encompassing marine advisory services and lending, trade financing and project funding, major group financial reconstructions and advice to Government on privatisation matters. The division is small in numbers and operates on a worldwide basis. The post will give exposure to a wide range of complex, interesting projects. It will involve spread sheet analysis work, much problem solving and negotiation, careful drafting of documents and considerable client contact. Quality accounting and tax input to the studies is essential.

Applicants must be graduate Chartered Accountants with a good academic and professional record. They should have trained with a major firm and should have 1 to 3 years post qualifying experience including that of special investigation or consultancy work. The package includes a high salary and the usual banking benefits.

This is a stimulating and exciting opportunity for a real high flyer.

Please write in confidence with full career and salary details, quoting reference 3972/S to John W. Hills.

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9 Creed Lane, London EC4V 5BR

Finance Manager

North East Scotland

to £25,000 + Car + Benefits

Our client is a £30m turnover, wholly owned subsidiary of a major UK plc whose recent record of growth, both organically and through acquisition, leaves them ideally placed for further expansion. Operating from three sites and with a divisional function in the North East of Scotland they process products for the consumer goods industry.

This expansion necessitates the need to recruit a Finance Manager who, reporting to the Finance Director, will be responsible for all aspects of financial management and administration. Key areas include investment appraisal, financial planning, and the development of computerised management information systems.

Candidates, aged 28-35, will be qualified accountants (CACA, CA, CIMA) of graduate intellect who can demonstrate a high degree of technical competence in addition to the drive and ambition to succeed in a dynamic fast moving environment. Progression prospects within the Group are excellent and relocation facilities are available where appropriate.

Interested applicants should ring Nicholas J. Maher on 041-331 2597, or write to him, enclosing a comprehensive C.V. at Michael Page Partnership, 150 West George Street, Glasgow G2 2HG, quoting reference: SC 0891.

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£30,000 + Car

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We are looking for Financial Directors to play a major part in setting up and running these new businesses. Each business will employ 1,000 - 2,000 staff and run a fleet of 300 - 400 buses from up to six garages, with a turnover of around £20m - £30m. The Financial Director will be responsible to the Managing Director for the financial control and management of the business, providing financial advice on commercial options and developing information systems. There will be opportunities to play a full role in the top management team as a stepping stone to general management.

Applicants should be qualified accountants, probably aged 30 - 45 with a track record of achievement and the determination to introduce successful change.

Please write in confidence with concise career, personal and salary details, quoting Ref: L359 to Heather Male at Egor International Ltd., Metro House, 58 St James's Street, London SW1A 1LD. Tel: 01-629 8070.

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Two Outer London Locations

As a rapidly expanding electronics group our client has a clearly defined route to a full stock market listing by the early 1990's. Two recent acquisitions have been carefully selected to complement both organic growth and overall group strategy.

Both divisions now require dynamic Financial Controllers to join newly formed management teams briefed to streamline and revitalise operations. Particular emphasis will be placed on developing systems and procedures, tightening financial controls, reducing overheads and increasing returns on working capital.

Sound technical skills are necessary but it is also essential that applicants can combine sharp commercial judgement with the ability and drive to implement change. Additionally candidates must be qualified accountants, preferably graduates, aged 26-40 years and have some experience in a production based organisation.

Career prospects are outstanding and will not be restricted to divisional roles. An excellent benefits package is offered including relocation costs where appropriate.

For further information please telephone or write enclosing full career details to Nick Leather. Complete confidentiality is assured.

the fleet partnership

Financial Recruitment Consultants, 37/41 Bedford Row, London WC1R 4JH. 01-831 1101 (24 hours)

Finance Director

West Yorkshire

c£24,000 + Bonus + Car

Our client is an autonomous and highly profitable £7 million turnover engineering subsidiary of an acquisitive rapidly expanding UK plc. Their product range has an enviable reputation in the UK, which has resulted in the successful penetration of their market sector. The business is committed to further expansion by product diversification and overseas acquisitions.

Reporting to the Managing Director, responsibility will be for all aspects of the Finance and D.P. functions with initial emphasis on the integration and development of the company's sophisticated financial management information systems. The successful applicant will also be expected to contribute significantly to strategic business planning and the overall commercial management of the business.

The successful candidate, aged 30+ will be a qualified accountant, with in depth experience of financial management gained in a computerised environment. Applicants must be able to demonstrate strong communication skills and the ability to make an effective contribution to the profitable development of the company.

Comprehensive relocation facilities are available where appropriate. Interested applicants should write to Paul Kinsey, quoting Ref: L8457, at Michael Page Partnership, Leigh House, 28-32 St Paul's Street, Leeds LS1 2PX. Tel. (0532) 450212.

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FINANCIAL CONTROLLER c.£28K

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If you are looking for a career in one of the faster developing sectors of the economy and are a leader of people, then this could be the job for you. The position reports to the Managing Director and offers the usual benefits associated with a position of this seniority including company car.

Please reply in writing to Mr T.J. Milliken, Managing Director, Drake International Ltd, 223-225 Regent Street, London, W1R 8JA.

Be seen with the right company

Financial Controller

Bracknell
c£25,000 + bonus + car

One of the world's leading companies providing technical information to all sectors of industry and part of an international group, is seeking to appoint a Financial Controller, to be based at Bracknell.

Reporting directly to the Managing Director, you will have full control over the financial accounting, administration and personnel departments of this well established and highly profitable company.

A close involvement with the informal, but highly professional, management team is essential and will involve you in financial planning, product pricing, budgeting and forecasting.

A qualified accountant with several years experience at a senior level, is sought for this demanding role. Hands on experience and use of a PC with spreadsheet applications, is essential.

In addition to the basic salary the rewards package includes a substantial bonus, a quality car, BUPA and pension scheme.

Please send a full CV quoting current salary and reference MCS/5112 to Barrie Whitaker at: Price Waterhouse Executive Selection Management Consultants No. 1 London Bridge London SE1 9QL.

Price Waterhouse

Financial controller

Business Start-up
West London, c£32,500 + car

C&L

A large and very successful American corporation, who are major international players in the hair care and toiletries field, are just starting up in the UK with the recent launch of its branded products. Well researched and with an impressive advertising campaign planned, the products have already been accepted for sale by a number of major multiple retailers. The American parent sees this new venture as a long term strategic investment, with further developments into other lucrative European markets to follow.

The Managing Director of this new venture requires a Financial Controller to be an active participant of his small management team, collectively responsible for driving the business through its early growth stages and eventually establishing it as a fully fledged subsidiary. You will be required to completely develop the financial function with a strong emphasis on the production of sound management information for controlling and planning the commercial success of the venture, including the monitoring and financial management of third party manufacturing, distributing and selling.

A qualified accountant, probably aged early 30's, you should have a background in a multi-national packaged goods fmcg business, preferably in toiletries. As an individual, you must be creative and positive with an enthusiastic, entrepreneurial personality.

Résumés, with daytime telephone number please, to Chris Haworth, ref CH956.

Coopers & Lybrand Executive Selection
Coopers & Lybrand Executive Selection Limited
Shelley House 3 Noble Street
London EC2V 7DQ

HEAD OF ACCOUNTING

Chelsea, London **c£20,000**

The Institute of Cancer Research is charitably funded primarily through the Cancer Research Campaign and, in collaboration with the Royal Marsden Hospital, represents the largest comprehensive cancer research centre in the United Kingdom. The Institute is a constituent of the British Postgraduate Medical Federation of the University of London. We are not a fund-raising organisation ourselves.

We have an annual budget of £14m. and nearly 500 staff who in the main are actively involved in over 150 research projects. We now wish to appoint a Head of Accounting, who will report to the Deputy Secretary and will be responsible for the development and operation of the Institute's financial system. Specific responsibilities include:-

- the management and motivation, through two first line managers, of a team of 12.
- preparation of annual accounts and liaison with external auditors
- periodic preparation of major research and infrastructure grant applications to secure future funding.
- annual preparation of a three year expenditure plan
- development of our in-house computerised accounting system.

The Finance and Computing team comprises both the financial and management accounting functions and system development for the computing of all administrative functions.

The successful applicant will be a qualified accountant with at least five years experience in finance. S/he will have demonstrated an ability to manage both professionally qualified and other staff, be able to communicate with medical and scientific staff, and to liaise with public sector and charitable bodies.

Applicants are advised that the Administrative Offices and most areas of The Institute are non-smoking. Candidates may telephone the Personnel Department for details about The Institute ; a job description, the terms and conditions of employment, and to arrange informal discussions with the Deputy Secretary.

To apply, candidates should forward a full C.V. with the names and addresses of 2 referees to the Personnel Officer, The Institute of Cancer Research, 17A Onslow Gardens, London SW7 3AL.

Chief Operating Manager

London
c £80,000, Plus Exemplary Benefits

This prestigious Lloyds Broker employs over 1,000 staff. Assessment of current and future market opportunities and advanced methods of operations have identified the requirement for this new, high profile, appointment. Reporting directly to the Chairman and the Board, the position will carry the responsibility for the management of all non-broking operations which will include systems, personnel management, administration and fiduciary accounting. The successful candidate will examine and review the current organisation and be responsible for implementing plans to enhance the performance of these areas which represent a major part of the infrastructure.

Applicants, preferably but not necessarily from insurance or another financial service sector, should have the most sound record of management achievement and be able to demonstrate leadership abilities of the highest order. A high academic level is necessary, as is integrity and a strong personality which will gain and keep the respect of senior management within and outside the Company and of subordinate staff. Expected age is 40-50 years. An exceptional benefits package is included.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *I.L. Duff, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-734 6852, quoting Ref: H14043/FT.*

Hoggett Bowers
Executive Search and Selection Consultants
BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD and WINDSOR
A MEMBER OF BLUE ARROW PLC

US INVESTMENT BANK

SECURITIES

ACA **Age 29-35** **c£55,000 package**

This dynamic and aggressive competitor in the International Capital Markets commands a reputation for innovation and response to change. The firm is undergoing rapid expansion in its London based trading activities. An opportunity for a key individual has been identified within the *Global Fixed Income & Equity Securities* area to complement and develop the existing management team.

Primary responsibilities will involve analysing and enhancing management information systems and financial controls within a volatile trading environment. Close liaison with the trading floor, operations and regulatory units will be required in order to ensure timely and accurate management information. In addition this position is responsible for trading activity in four European locations.

The skills required for this demanding role are likely to have been gained within an international securities house, investment bank or broking/fund management group. In addition to a strong academic background, the individual will be both proactive and enterprising, possess excellent management skills, and have the ability to succeed within a challenging and demanding environment.

The package will consist of a high base salary, substantial bonus and company car. The prospects for career progression are excellent.

Please contact James Hyde by telephone on 01-437 0464 or write enclosing full details to the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place Leicester Square London WC2H 7BP
Telephone: 01-437 0464

FINANCIAL MANAGEMENT

UK RETAIL GROUP

ACA **Age 28-32** **to £35k + Car**

This major UK retail group continues to develop significant growth potential through a controlled review of commercial activities. With constant assessment of global business opportunities they maintain an impressive and active acquisition profile and strong market position.

Based at their prestigious West End offices, they are currently seeking a key individual to join their Group Finance Team. Responsibilities will include funding and taxation issues in respect of acquisitions, appraisal of operating company performance and the development of forecasting systems.

As a qualified accountant from a major professional firm, preferably with commercial experience, you will have a mature and confident approach enabling you to communicate effectively with senior management.

With proven technical ability you will display the necessary skills to solve complex financial issues. **Opportunities for rapid advancement are excellent.**

Interested applicants should contact James Hyde by telephone on 01-437 0464 or write enclosing brief details to the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place Leicester Square London WC2H 7BP
Telephone: 01-437 0464

APPOINTMENTS ADVERTISING

Appears every Wednesday and Thursday

for further information call 01-248 8000

Tessa Taylor ext 3351
Deirdre Venables ext 4177
Paul Maraviglia ext 4676
Elizabeth Rowan ext 3456
Patrick Williams ext 3694
Candida Raymond ext 4627

WATERSTONE & Company

COMPANY ACCOUNTANT £20–25,000

Our client, Waterstone's, is a rapidly expanding, independent, entrepreneurial bookstore chain. They have an impressive record of innovation, growth and profitability and are acknowledged as one of the fastest growing in their field.

This growth coupled with their anticipated Stock Market listing has created the opportunity for a Company Accountant to assume responsibility for the finance and accounting functions. Reporting to the Financial Controller and supervising 15 staff, you will be responsible for the production of management information and statutory accounts; recommendation and implementation of accounting policies, and the day to day running of the company's accounting activities.

Candidates, aged 26-32, will be qualified (either ACA or CACA), with a minimum 18 months post qualification experience. Above all they will be enthusiastic self starters with the personal and management skills suited to a proactive role in a dynamic environment. A commercial awareness is essential, a literary interest preferable.

Career prospects are outstanding.

If you are interested in this challenging role, please contact Ingram Losner, consultant to the Company on 01-439 0058 (daytime), 01-951 4587 (evenings/weekends); or write enclosing brief career details in strictest confidence to LAWSON BAKER, Freepost 31, London W1E 5RB.

LAWSON BAKER
Financial Recruitment Consultants

Young qualified accountants as

Managers for general practice

South east up to £26K + car

C&L

As one of the UK's leading firms of accountants and management consultants, with an established countrywide network of offices, Coopers & Lybrand is expanding.

Today, our practice based in the South East is developing rapidly, providing a comprehensive range of financial and consultancy services to an extensive variety of clients ranging in size from national holding companies to the smaller family owned business.

Currently, if you are a young qualified accountant, our expansion can further your career development by giving you management responsibility with your own clients and staff. Your role will centre on audit management with key objectives to determine quality and job profitability. You will have the opportunity to undertake other work such as investigations and special assignments.

From your experience in this role you will be equipped to develop your career further. Simultaneously, you will enjoy the benefits of a quality of life in an area which is one of the fastest growing in Europe and is currently undergoing unprecedented business expansion. Our benefits package offers a generous relocation allowance.

In fact, there can be few ways in which you won't benefit from a move to Coopers & Lybrand—South East. Our offices located in Reading, Uxbridge, Maidstone, and Southampton, would very much like to talk to you.

To find out more, please telephone Jane Sadler, Regional Personnel Manager, on 0734 597111 or write to her at the address below.

Coopers & Lybrand
Bridewell House
6 Greyfriars Road, Reading RG1 1JG

HEAD OF FINANCE AND ADMINISTRATION

A new appointment to take a successful, *medium sized* legal practice up the league table.

The prime objective is to relieve the partners of many of their management tasks, allowing them more time to earn fees and promote the practice. The partners are also convinced that the desired growth can only be accommodated by firm overall control and analysis of all financial accounting systems, procedures and administration.

Immediate objectives include monitoring financial budgets, cash flow forecasts and billing targets and the analysis of time costing and profitability. Longer term plans relate to business development including identifying aspects of legal practice that warrant expansion and the evaluation of new concepts such as interdisciplinary partnerships.

To be a candidate you should be a qualified ACA with substantial working experience preferably gained in legal practice, or alternatively in another professional or service industry environment.

To apply, please write to: **John Sears, Harding Legal Recruitment, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP or telephone him on 01-222 7733.**

Harding
LEGAL · RECRUITMENT
A MEMBER OF THE (SMCL) GROUP

FINANCE DIRECTOR

Our clients are an expanding company in the specialist publishing field with substantial growth potential.

They require a Finance Director to work closely with the Chief Executive/Principal Shareholder to control day to day financial operations and to take the business to the next stage in its profit building programme.

The Company, based in London close the the City, requires an ambitious Chartered or Certified Accountant – aged between 28-45, to carry out the role which will be detailed and strategic.

A *renumeration package designed to mutual satisfaction, will provide* very attractive benefits to the successful applicant who makes a demonstrable contribution in practice.

Please send a detailed CV including current renumeration to Bryone Bowen, The Financial Connection, 8/9 Northumberland Street, London WC2N 5DA or telephone 01-839 6170 for an application form.

Executive Selection Consultants

Thames Valley Home Counties North West North East

Michael Page Partnership is the UK's leading financial recruitment consultancy with over 100 specialist consultants operating throughout the UK, Western Europe and Australia. We have maintained a pre-eminent position through innovative advertising and marketing, considerable investment in new business opportunities and most importantly recruiting and retaining high calibre staff.

As a key part of our continued expansion we are planning to appoint a number of Executive Selection Consultants who will take complete responsibility for managing and developing a client portfolio, handling senior level recruitment assignments across a range of market sectors. Our consultants control all aspects of an assignment from initial briefing, through advertising and shortlisting to final appointment.

You are likely to be a qualified accountant, aged late 20's to mid 30's, who is attracted by the variety, immediacy and mental stimulation of consultancy work and the commercial challenges of a highly competitive business.

Our culture suits ambitious, lively, outgoing individuals with strong communication/ presentation skills.

Our demands are probably greater than those of most of our competitors – our rewards and potential certainly are. We offer a very attractive remuneration package and excellent merit-based career development opportunities, within a young ambitious PLC which has achieved market leadership in legal, marketing and accountancy recruitment through carefully planned organic growth.

If you are interested in further information please write in the first instance to either:

Jerry Wright, Regional Director (Thames Valley & Home Counties), Michael Page Partnership, Windsor Bridge House, 1 Brocas Street, Eton, Berkshire SL4 6BW, or

Stephen Broadhurst, Regional Director (North West & North East), Michael Page Partnership, Leigh House, 28-32 St. Paul's Street, Leeds LS1 2PX.

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

BOOKER

FD Potential?
Commercial Skills?

Financial Controller

Byfleet, Surrey **£Excellent + Car + Bonus**

Booker Plc is an acquisitive international business with t/o of £1.25bn operating in agriculture, food distribution and health products.

Continued growth has created a post within Brewhurst, the major UK healthfood wholesaler with sales in excess of £25m p.a. Reporting to the Managing Director, this offers the opportunity to develop a commercially orientated finance function where he/she will be actively involved in the success of an autonomous, dynamic distribution business as a key member of a high calibre senior management team. Appointment as Finance Director will follow at the earliest opportunity dependent upon the proven ability and success of the individual.

Candidates will be qualified and computer literate and have an enthusiastic, innovative and commercial approach clearly demonstrated in their career to date.

Interested applicants should contact Christopher Sale, Manager, on 0372 375661 or write to him at Michael Page Partnership, Cygnet House, 45-47 High Street, Leatherhead, Surrey KT22 8AG.

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

A centre of excellence in Financial Services... A centre of challenge for young Accountants

To £25k + car + bonus + concessionary mortgage • Northampton

"We have successfully completed the largest ever building society merger..."

"We are moving rapidly forward into several new areas now open to building societies..."

"We have established one of the largest chains of estate agents which already has 500 outlets..."

"Our two housing subsidiaries are continuing to develop a variety of new dwellings..."

"We have taken the first steps towards providing homes for rent through our associated company Quality Street..."

"Our popular new interest-bearing FlexAccount is rapidly changing the face of personal banking..."

"Arrangements have now been made to strengthen our capital base still further by the raising of an additional £80 million of subordinated loan stock..."

"Overall, the financial position of the Group is extremely strong..."

These statements – taken from our Chairman's recent announcement of the year's results – highlight the growing challenge of Nationwide Anglia careers. De-regulation has swept away old restrictions and freed us to compete on every financial front. At the same time, our merger of the Nationwide and Anglia building societies has created an immensely powerful force... with gross capital nudging £1 billion and combined assets exceeding £21 billion, we have the financial base to fund the most ambitious development plans.

Right now, our most important investment is talent. The professional accountancy skills that will mould and shape tomorrow's growth strategies. Essentially, we are looking for a number of different professionals who will join together to form the nucleus of a new financial management team...

BOTTOM-LINE PRIORITY

Based at our superb offices near Northampton, the team will be primarily responsible for establishing and running systems aimed specifically at measuring the performance of our many profit centres. With an extensive network of offices throughout the country, bottom-line control is a clear priority. That is why we will be looking for accountancy professionals with substantial retail experience. Men and women who can confidently draw upon their experience to ensure that effective systems are not just introduced but properly implemented.

INFLUENCE... INNOVATE... INTRODUCE IDEAS

It is a unique challenge offering considerable scope to influence policies, innovate new systems and introduce your own ideas. An environment that will definitely attract young accountants who have recently qualified with major firms but now need to broaden their professional perspective in the industrial arena.

Alternatively, it will appeal to people who have already made this move, but feel that they are not in a sufficiently open-minded and professional company.

CONCESSIONARY MORTGAGES AND CARS

In addition to all the professional advantages of such a dynamic growth environment, Nationwide Anglia has a lot more to offer the ambitious accountant.

Our salaries are matched by a benefits package that is generous even by financial service industry standards. All positions (with the exception of the Accounting Technician opportunities) command a special concessionary mortgage, bonus scheme and fully expensed car. We also offer an extremely good relocation package to this beautifully unspoilt and surprisingly inexpensive corner of the country which is within easy reach (barely an hour) of the heart of London.

SEIZE THE INITIATIVE

From every angle, a move to Nationwide Anglia makes a lot of sense. So seize the initiative – send your cv (including your current salary) to Richard Wharton, Personnel Administration Manager, Nationwide Anglia Building Society, Chesterfield House, Bloomsbury Way, London WC1V 6PW. Alternatively, speak to him on 01-242 8822 ext 2580 for an application form or further information.

Group Tax Accountant

to £25k + car – must have 2-3 years' post-qualification taxation experience.

Group Accountant

to £20k + car – the perfect opening for a newly qualified professional.

Project Accountant

to £22k + car – should have 2-3 years' post-qualification product/project experience.

Management Accountant

to £20k + car – another ideal opportunity for a newly qualified professional.

Systems Development Accountant

to £25k + car – a high profile position calling, ideally, for a fully qualified graduate accountant.

Part Qualified Accountants

to £18k – depending on experience and stage reached.

Nationwide Anglia is an equal opportunity employer.

Nationwide Anglia Building Society

Financial Analysts
UK Headquarters

IBM United Kingdom Limited develops, manufactures and markets a wide range of products and services in the Information Technology industry. Our 1987 revenue of £3483 million underlines our outstanding success and commitment to growth, and as a result we are now seeking to strengthen our team of Financial Analysts.

Based in this pleasant area of the South Coast, the initial opportunities exist in Accounting, Financial Planning, Treasury Planning and Financial Services.

Applicants, who should be graduates or qualified accountants in their mid to late 20's, will be responsible for the analysis and interpretation of financial and management information, and for presenting this information – and recommended actions – to all levels of management.

Excellent communication and inter-personal skills are essential, and your achievements to date will demonstrate your self-motivation, analytical ability and business awareness.

In addition to the attractive salary and benefits package – which includes free BUPA and life assurance, a contributory pension scheme and employee share plan – you should be interested in the opportunities which exist within IBM for significant and diverse career progression.

To apply, please write with full career details to Beverley Bradford, PO Box 41, North Harbour, Portsmouth, Hants. PO6 3AU. Alternatively, phone her for an application form on Portsmouth (0705) 321212 ext. 5167.

"I think, therefore IBM."

IBM

Chief Accountant
City £Excellent + car + benefits

CNA REinsurance is a well established, fast growing subsidiary of a major US Insurance Group and is an innovative market leader for many specialist areas of business underwritten in London. An excellent career opportunity now exists for a young, high calibre accountant.

Reporting directly to a Main Board Director, the **Chief Accountant** will be reponsible for all Company financial services. This broad and highly visible role offers involvement in all areas of a financial and investment nature, including systems development.

The successful applicant will be a Chartered Accountant aged between 30-35 with a proven track record within a commercial environment. Excellent communication and technical skills should be in evidence, together with the necessary drive and ambition to succeed in a fast moving environment.

An attractive benefits package includes company car, non-contributory pension, free life cover, PPP and mortgage assistance.

Please write with comprehensive personal and career details to:–
Jane Oxton, Personnel Manager, Fountain House,
125-135 Fenchurch Street, London. EC3M 5DJ.
Telephone: 01-626 3321.

CNA RE
CNA REINSURANCE OF LONDON LIMITED

GROUP ACCOUNTANT

CENTRAL LONDON **MAJOR PLC** **c£26,000**

Our client is a highly successful and growth orientated multi-national Group. Their turnover is approaching £2bn and they are market leaders in their key business areas.

This important position within the central finance team at Group headquarters carries responsibility for a range of activities including the statutory reporting. However, given the Group's wide ranging interests both in the UK and abroad, the work is unusually diverse and varied.

Suitable candidates, male or female, should be qualified accountants and are likely to be either seeking their first commercial appointment from a major audit firm, or already working at the centre of a multi-subsidiary group. Ideally they should feel at ease with computerised systems, have a strong financial background and possess the intellectual strength to be effective at the centre of a large corporation.

In addition to a salary of c£26,000 there are the normal major Group benefits.

Please reply in confidence with a comprehensive CV, quoting reference 1473 to Michael Hann, Bull Thompson & Associates Ltd, Alliance House, 63 St Martin's Lane, London WC2N 4JX.

Bull Thompson
CORPORATE AND RECRUITMENT CONSULTANTS

Accountancy Personnel

Placing Accountants First

THE Cornhill INSURANCE TEST

SENIOR FINANCIAL ACCOUNTANT

Guildford c£27,000 + Car

THE SCORE SO FAR

CORNHILL INSURANCE

- One of the UK's most successful and high profile insurance companies.
- Part of Europe's largest insurance group.
- Profit growth over 50% in the last financial year.
- A general insurance division with a premium income of £250M.
- A highly developed management training programme.

YOU

- Aged up to 45.
- Qualified as an ACA, ACCA or ACMA.
- Ideally at least 2 years experience of accounting in a GENERAL INSURANCE environment.
- Well developed people management skills.
- Looking for career progression.

THE TEST

- A senior role in the accounting function.
- Responsibility for a department of c30 staff.
- Preparation of management, financial accounts and statutory returns.
- Dealing with reinsurance security and control credit.
- Implement and contribute to the development of computerised systems.

THE SERIES

If you have a good average on the points above then CORNHILL INSURANCE can offer you the prospects, training and benefits you would expect from a winning company. Call or write today to arrange your next fixture.

For further details, contact:
Accountancy Personnel
72/74 High Street,
Guildford. GU1 3HE.
Tel: 0483 64692.

Our client is a major expanding group, covering a vast range of interests including freight management and business travel services, operating worldwide.

They are currently seeking the following personnel to work in their London based head office:-

Chief Accountant c£20K + CAR
Divisional Accountant c£16K
+ Excellent company package

Interested candidates should apply to:-
RPL, 2 High Street, Staines,
Middlesex TW18 4EE.
Tel. 0784 66345

RPL

MANAGEMENT ACCOUNTANT

Required for large stud and racing establishment near Newmarket, Suffolk.

Must be able to work on own initiative. Responsibilities to include preparation of monthly and annual accounts; budgets and cash flow forecasts.

Knowledge of computer systems an advantage.

Exciting and challenging position for the right individual. Remuneration package will be commensurate with ability and experience.

Apply in writing, in strict confidence, with C.V. before Friday 29th July to: Box A0942, Financial Times, 10 Cannon Street, London EC4P 4BY

FINANCE DIRECTOR

Denby, Derbyshire **c£30,000 package**
Age: Late 20's/Early 30's **exec. car & benefits**

COLOROLL

Denby Tableware

Coloroll today is the largest Home Fashion Group in the UK and, together with the recent success of the bid for John Crowther, the Group anticipates doubling its turnover to exceed £600m this year.

Denby Tableware is a result of a previous acquisition, Crown House, and its performance since then has demonstrated all the strengths of the Coloroll take-over formula. Increased productivity and a capital investment programme has already enabled output to increase by 35%. Aggressive marketing, new designs and the promotion of Denby's high brand awareness through television advertising has increased turnover to nearly £10m.

Denby's success is gathering momentum. Further penetration of the UK market, strong growth in exports and a further capital investment programme will result in a significant increase in turnover and profitability. To meet these demands the Managing Director needs the sustained drive and contribution of a new Financial Director. (after 12 months the present one has been promoted within the Group).

Your role will be to ensure that the financial and computer departments continue to work effectively, ensuring that accurate and meaningful management results can be interpreted regularly by you for the Board. You will not only have a very definite hands on approach but will be involved in the future strategy of the company, as well as the responsibility for all financially related matters.

To meet these stringent demands you are likely to be late 20's/early 30's. Probably a graduate, you will be a self-motivated and very commercial qualified Accountant possessing strong communication skills. You should already have an excellent track record to date.

The executive team is dynamic and enthusiastic and you will join the company at an exciting time.

Prospects within the Coloroll Group are outstanding.

Relocation will be paid if necessary.

Please contact Lawrence Barnett or Paul Cohen at our Manchester Office quoting ref. no. B177.

ASB
ASB RECRUITMENT LTD

Eagle Buildings, 64 Cross Street,
Manchester M2 4JQ Tel: 061-834 0618
Also at: Leeds and Liverpool
A Division of ASB Barnett Kissinger PLC

LONRHO ZAMBIA LIMITED

Financial Controller

Lonrho Zambia, a Management Region within the Lonrho Group, consists of over 50 companies operating in a variety of industries and with good performance records.

The Financial Controller, a member of the Board of Lonrho Zambia, is responsible to the Managing Director for all aspects of financial management in the Region. Candidates should have experience, preferably in an African context, in the following areas:

* Treasury Management
* Corporate Planning
* Monitoring and improving Company Performance
* Tax
* Statutory and Management Accounts

The D.P. Manager reports to the Financial Controller.

This is a "career" position. We therefore seek someone with the ability and ambition to assume, in the future, larger responsibilities within Lonrho.

Candidates should be qualified accountants with several years experience in managing a finance function within a major group.

Salary will be paid in local currency and sterling. Benefits include a free house, utilities and car, a gratuity, generous allowances and attractive holiday facilities.

Zambia is a country of great natural beauty, with a lovely climate. The appointment would suit someone with a young family.

Please apply, with career and personal details, quoting reference, V.437, to:—

The Group Personnel Manager
LONRHO Plc
Cheapside House
138 Cheapside, London EC2V 6BL

Regional Financial Controller

Car Dealerships

North East

To £25,000, Car, Bonus

A major force in the UK market place, this highly successful national motor group company has an exceptional opportunity for a dynamic accountant to become part of their organisation at a time of significant business development. Reporting to the Regional Director, responsibility is for total cash management and provision of financial information and reports for all aspects of the company's businesses throughout the North East in addition to the development and maintenance of computerised systems and the management and motivation of an existing team. Aged over 30 and a qualified accountant, you will have a successful track record achieved at a senior level, ideally in a demanding dealership environment and be able to demonstrate the necessary level of drive and ability to make a significant contribution to the overall success of the businesses. First class communication skills together with a high degree of initiative is also required and will allow you to take advantage of the excellent promotion prospects available within the group.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *D.R. Davidson, Hoggett Bowers plc, 4 Mosley Street, NEWCASTLE UPON TYNE, NE1 1DE. 091-232 7455, quoting Ref: N15058/FT.*

Hoggett Bowers
Executive Search and Selection Consultants
BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD and WINDSOR
A MEMBER OF BLUE ARROW PLC

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A MEMBER OF BLUE ARROW PLC

Group Internal Auditors

Career Move Into Commerce!
North London, ***c £22,000, Significant Bonus, Car***

This highly profit oriented quoted company which operates in Finance & Property Development, offers a stimulating platform to move into the fabric of commercial enterprise.

As part of a planned expansion this multi-disciplined team now seeks to extend their specialist audit function embracing all company operations and providing a progressive internal management consultancy, audit and acquisition service. The ideal candidates aged 25-40 will be qualified ACA's with a minimum of one years relevant post-qualification experience and display a flair for identifying commercial opportunities outside the more traditional accounting function. Personal qualities will include a flexible, incisive mind that combines effective interpersonal and organisational skills to achieve maximum results. This highly visible role should be considered as a stepping stone for future advancement into senior line management within the Group. Generous executive benefits.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *Bernadette Boylan, Accountancy Division, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-409 2766, quoting Ref: K16003/FT.*

FINANCIAL CONTROLLER

Holborn ***£25,000***

CACI is an international professional and high technology services organisation with clients in government and commerce. Founded in 1962, CACI is a leader in information systems, proprietary software products and market analysis services.

We wish to appoint a Financial Controller to our UK subsidiary, to contribute to company profitability by the professional application of financial controls and the maintenance of accounting standards in the UK.

Candidates must be Chartered Accountants, educated to degree level with at least four years' commercial experience. Broad tax knowledge, combined with experience of US reporting will also be sought.

The position will appeal to an ambitious, highly energetic self-starter around 30 years of age with experience of working in an international computer software oriented organisation.

In addition to the salary indicated, benefits include a quality car, private medical *insurance, pension and significant growth opportunities.*

Candidates should apply enclosing a full CV *to:*

A.G. Post,
CACI Limited,
Regent House
89 Kingsway, London WC2B 6RH

CACI

FINANCIAL CONTROLLER
£25-30K plus car and benefits

This private company, based in West London and presently employing c.300 staff is entering an exciting phase of expansion in the retail/catering sector.

Reporting to the Managing Director, the successful applicant will need to be capable of developing computerised accounting systems and have the desire to become really involved in the operation. The position will appeal to a young qualified accountant seeking a challenging and responsible senior management position.

Please send C.V to Jill Krebs, 34/38 Standard Road, London NW10 6EU.

Finance and Administration Manager

A Broad Based Role with Commercial Influence

London To £30,000 + Car

This young and exciting company imports high quality, premium priced specialist consumer durables from the Far East and markets them throughout the U.K. Growing rapidly, they now require a high calibre finance professional with a broad business perspective.

As Head of the Finance and Administration functions, you will be a senior member of a small team reporting to the Chief Executive. A key element of the role will be to make a significant contribution to all aspects of the commercial decision making process. Additionally, you will be expected to implement improved business systems necessitated by the company's long logistics chain. Previous experience in a trading organisation will be an advantage.

This position will be attractive to qualified accountants, who have supplemented a formative financial career with broader functional responsibilities. Probably in your thirties, you will now be keen to assume a more influential role and will have the drive, maturity and flexibility essential in a small and high growth environment.

The company forms part of a larger private group and career prospects are excellent. Employment conditions are to a high standard and include a competitive benefits package.

Applicants of either sex should apply in confidence to Michael Pratt on (0962) 844242 (24-hour service) or write to Johnson Wilson & Partners Ltd., Clarendon House, Hyde Street, Winchester, Hampshire SO23 7DX quoting ref. 851.

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Profile Management Search

FINANCIAL DIRECTOR DESIGNATE

Negotiable to £30K + bonus + car

A regional house building Company, based in the Home Counties and part of a public Group, requires a qualified Financial Controller who would be appointed to the local Board within six months.

Candidates aged 28 to 38 should have financial and management accounting experience using integrated computer systems. Building or property development experience would be an advantage, but commercial acumen and the personality to influence Board decision making in a strong management team are essential.

The package is excellent and progressive for the successful person and career opportunities in this Group are outstanding.

Please reply in complete confidence, with full curriculum vitae, and current salary, quoting reference GFW/32 to:

PROFILE MANAGEMENT SEARCH
Tabard Chambers, 53 Northgate Street, Gloucester GL1 2AJ.

FINANCIAL CONTROLLER SPECIALIST VEHICLES

A step up to total financial control

Yorks **£20K + profit share + car + quality benefits**

Our client is a well established and financially sound manufacturer and fabricator of fire fighting and emergency rescue vehicles. The Company's continued success and future growth is based on market sensitivity and stringent quality control, leading to an international range of blue-chip clients in government, industrial and defence sectors.

Planned expansion and a strong order book necessitate the early appointment of a Financial Controller, whose professional expertise, drive and vision will concentrate on the introduction of computerised financial systems and controls. Additional accountabilities include treasury, insurances and a move towards MRP applications.

Aged 28-35 and FCA/CMA qualified, the successful appointee will have a background within manufacturing, ideally engineering based, and will be capable of sustained effort in a results orientated, but friendly company. Equally, the candidate will be able to demonstrate a record of success and possess inter-personal skills of the highest order, providing for enthusiasm, dedication and credibility at all levels.

In addition to the excellent rewards package, this career position offers the unparalleled opportunity to implement total financial systems, whilst maintaining daily contact with a variety of peripheral challenges. It will offer significant appeal to someone in a No 2 role who feels that their effort and expertise is unrewarded.

For further details and an application form, please write to Simon Brookfield, Senior Consultant, 3i Consultants Ltd, 34 Park Cross Street, Leeds LS1 2QH, or telephone 0532 458469 (24 hours) quoting reference NR/788.

3i Consultants Ltd
Human Resources

A WEALTH OF EXPERIENCE

Financial Controller

(Director Designate)

International Trade Finance

Birmingham **c.£30,000 + Car**

Our client, a subsidiary of a U.K. based holding company, which in turn forms part of a French owned international trading group, is looking to recruit a capable Financial Controller (Director Designate).

The Company, with a forecast 1988 turnover of over £50m, is principally involved with trade finance on an international scale with overseas subsidiaries forming an integral part of the operation. Experience of international trading and a 'hands-on' style of management are essential for the position.

The successful candidate will be a commercially aware, qualified accountant, aged 30-45, with a minimum three years' relevant managerial experience gained, ideally, in an international trading or financial organisation.

Please write in confidence, quoting reference 761f and submitting a detailed curriculum vitae including salary details to:

Peter Childs
Pannell Kerr Forster Associates
New Garden House
78 Hatton Garden
London EC1N 8JA

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

GROUP AUDIT MANAGER

Bedford or Bracknell **c. £28,000 + Car**

Our client, a substantial electronics plc, requires a qualified accountant (under 45) to be based at either of the subsidiaries located as above. Reporting to the Financial Director and supervising a team of field Auditors, you will plan the audit programme, assess locations, compile reports and implement recommendations. Line management prospects are envisaged in the medium term.

CHIEF ACCOUNTANT

Hayes, Middx **c. £27,000 + Car**

This blue chip multinational requires a qualified accountant (under 40) for a large manufacturing subsidiary. Reporting to the Financial Director and controlling 10 staff you will be responsible for the day to day running of the accounts department and play an active role in the company's acquisition policy.

FINANCIAL CONTROLLERS

W.End/Chelmsford **c. £27,000 + Car**

As a result of recent acquisitions, a major FMCG multinational has superb openings for two qualified Accountants (under 40). Reporting to the board, and responsible for some 20 staff, your tasks will include the enhancement of corporate systems, controls and procedures, in line with current and future needs and the provision of statutory information.

FINANCIAL CONTROLLER

Nr. Sevenoaks, Kent **c. £27,000 + Car**

Our client is a well known blue chip company in the financial services and international transport trade and seek to recruit a qualified accountant to manage a large subsidiary. Reporting to the Financial Director and supervising 25 staff, you will be responsible for the day to day running of the accounting department and also be involved with further computerisation.

CHIEF ACCOUNTANT

City **c. £24,000 + Car**

Our client, a growing financial institution listed on the Stock Exchange, is currently seeking a self motivated, ambitious accountant. The candidate's duties will include analysing the performance of investments, aiding investment managers, producing management reports and interfacing with the management of the portfolio companies. An attractive salary is matched by excellent prospects BUPA and mortgage subsidy. RING US NOW FOR FURTHER DETAILS.

Deboo Executive

102 OLD STREET LONDON EC1V 9AY
TEL: 01-253 1216 (24 hrs)

Managing Director

Distribution Industry

Surrey **Package c£40,000+**

Our client is a market leader in the sale of major domestic electrical appliances distributed nationally to recognised construction and retail customers and sourced from both major UK and European suppliers.

The business has an impressive profitable growth record and now seeks a Managing Director to steer the company into the next important stage of development.

Reporting to the Chairman he or she will have full responsibility for the entire operation including regional warehouses.

Candidates, preferably aged 35-45 should have at least ten years progressive experience in general management backed with a Chartered Accountancy qualification.

Total remuneration should be at least £40,000pa made up from a basic salary c£35,000 plus a profit related element. A car will be provided and a company pension scheme will apply. Relocation costs will be negotiated in appropriate circumstances.

Applicants, male or female should write to Bill Stern stating how their background and experience matches these requirements and quoting reference J2328.

Stern Associates,
Highclere House, Highclere Close,
Kenley, Surrey CR2 5JU.

STERN ASSOCIATES
Management Consultancy • Executive Recruitment

Financial Controller

ELECTRONIC COMPONENTS

Cumbria **Circa £27,500 + Car**

This high profile role will be expected to make a significant contribution to the strategic planning and overall direction of a £20m subsidiary of a diversified European group. It is an excellent career development opportunity for commercially-minded accountants seeking top level involvement with a major UK manufacturer.

Reporting to the UK Chief Executive, the person appointed will be fully responsible for all finance and administrative functions and lead a small team. A key objective is to oversee the development of a major computerisation project. Candidates, in their 30's/early 40's and qualified, must therefore demonstrate a successful track-record in the tight financial control of a sophisticated manufacturing operation. This should be backed by the strong interpersonal and leadership skills necessary to make an immediate contribution to the business. Prospects within the company and parent group are excellent.

The attractive remuneration package includes fully expensed 2 litre car, non-contributory pension and private health insurance, together with full relocation expenses to this semi-rural low-cost housing area, just north of the Lake District.

Interested applicants (male or female) should send a detailed CV or telephone for an application form on 0625 533364 (24 hours) quoting reference 1403/FT.

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Search and Selection; Management Development

Springfield House, Water Lane, Wilmslow, Cheshire SK9 5QS. Telephone: (0625) 532446.

FINANCIAL CONTROLLER

PROPERTY. c.£23,000+CAR

Budgens, part of the Barker & Dobson Group Plc is one of the fastest growing food retailers in the UK. The pace of new store development and refurbishment, already at a high level, continues to accelerate.

To sustain this growth we are creating the new position of Financial Controller–Property. Reporting directly to the Group Property Director you will be responsible for setting the framework for future financial planning, budgeting and control of the Group's property activities.

Candidates should be 28-40 years of age, qualified, commercially aware, preferably with experience in the retail property sector. Ability to work under pressure, to manage staff and to communicate effectively with colleagues are all essential. The role is most definitely proactive. We offer a competitive benefits package which includes 25 days holiday, contributory pension scheme, free accident insurance.

Please send your Curriculum Vitae (or telephone for an Application Form) to Peter Raine, Personnel Director, PO Box 9, Stonefield Way, South Ruislip, Middlesex HA4 0JR. Telephone: 01-422 9511 Ext. 3480.

Budgens

FINANCIAL DIRECTOR

Package up to £35,000 + Executive Car

Buckinghamshire

Our client, a major household name and a wholly owned marketing and manufacturing subsidiary of an internationally famous Group has, due to promotion, the need to appoint a high calibre FINANCIAL DIRECTOR.

Working closely with the Managing Director and other Board members you will provide financial input to strategic planning, commercial development and effective decision making. High leadership and communication skills are vital.

The role demands a qualified Accountant, preferably Chartered, aged 33-40, with impressive career profile in financial and management accounting, line management and corporate planning, probably in light industry or distribution.

Substantial benefits will include profit bonus and relocation expenses. Candidates should write, in confidence to:- Philip Cunningham, Managing Director, ARA Advertising, Cresta House, 17/19 Maddox Street, London W1R 0EY.

ARA ADVERTISING

Group Accountant

Mid Surrey **c£30,000 + Car**

Our Client is a young, profitable and highly acquisitive consumer electronics group of companies, with new and expanding interests in North America, Scandinavia, Australia and the Far East. Turnover in the current year is expected to be in excess of £50 million. The pace of growth and internationalisation of the business opens up the need for a first-rate qualified Accountant to report to, and if necessary, deputise for the Finance Director.

The work centres upon the core business financial control with responsibilities for subsidiary and departmental budget standards, agreement and control; monthly financial and management accounting including standards setting across the board; cash flow, cash forecasting, capital budgeting and accounting; credit control and appropriate treasury functions; construction and consolidation of 5 year plans; assisting in the evaluation and integration of acquisitions, and preparation of statutory group accounts.

Candidates should have the ability and inclination to take on a developing role as the business grows. Experience of introducing new systems and controls, combined with the ability to communicate with management at all levels, will be a clear advantage.

Salary is negotiable around £30,000 plus car, and other benefits. Please forward a full CV including salary details, quoting reference LM061, to Terry Fuller, Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

Director of Finance and Administration

Essex **Salary c.£25,000 + Car**

Our clients, a medium sized and well-established firm of solicitors, have considered their organisational structure with a view to their future development and have identified a crucial need for a Director of Finance and Administration.

Reporting directly to the Partnership, the role will involve responsibility for administration and business monitoring in order to achieve greater efficiency and profitability. After an agreed period, the incumbent will assume an equivalent of partnership status.

The ideal candidate aged between 35 and 50, will be a qualified accountant with a proven track record gained in financial and administrative management and be able to demonstrate strong powers of persuasion and diplomacy gained in a professional environment.

Interested candidates who meet this criteria, should send a detailed c.v. including current salary, to Carol Jardine, quoting reference LM059, at Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

Financial Director Designate

c. £22,000 + car, bonus & pension
Central London

A prestigious West End woollen merchant, selling principally into overseas markets, our client now seeks to replace their present Financial Director who is retiring shortly.

The role demands experience of the successful management of computerised financial accounting and control systems, combined with a knowledge of payroll and pension administration, Company Secretarial matters and overseas financial transactions.

Ideally suited to a mature, qualified accountant (aged 50 plus) the position affords the opportunity of stable employment in a friendly, relaxed environment.

Please apply in writing, enclosing a full c.v. to Alison Mitchell, Saffery Champness Consultancy Services, Fairfax House, Fulwood Place, London WC1V 6UB.

A direct line to the executive shortlist

To secure the best appointments at a senior level needs more than good advice, accurate objectives and succinct presentation.

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FOR ACCOUNTANTS

Financial Analyst

Lex Vehicle Leasing

High Wycombe **c£22,000**

Lex Vehicle Leasing is Britain's largest specialist car and light van contract hire company with a fleet in excess of 35,000 vehicles. The company has grown at a compound rate of about 40% per annum over the last seven years and further substantial expansion is part of the corporate plan.

This challenging new position of Financial Analyst has been created to provide financial and analytical support to the Finance Director and the rest of the senior management team. Undertaking financial modelling on micro-computers will be a key responsibility in support of the strategic financial planning process. Also important is monitoring market sector activity to maintain a competitive edge.

Ideally, candidates will be aged in their mid to late 20s and be qualified accountants with one to two years post qualification experience. A background in computerised accounting systems would be particularly relevant.

An excellent salary and benefits package is offered to attract outstanding candidates.

Candidates who meet this exacting specification should write with full CV and salary details, quoting ref. AR/141 to: Brett Bull, March Consulting Group, March House, 13 Park Street, Windsor, Berkshire SL4 1LU.

MARCH
CONSULTING GROUP

Financial Director Designate

NW London **Package c£30,000 + car**

A small, highly profitable plc operating in a specialist niche within the civil engineering/construction industry has taken a strategic decision to expand and diversify organically and through acquisition. Ample funding is available for both.

This is effectively a new appointment. The management team now needs a young finance-orientated business manager to lead the accounting and administrative functions, to identify business opportunities and to drive the plans through to successful, profitable implementation. The prospects are excellent and will include equity participation in time.

Candidates will be qualified accountants with at least three years' experience in a rigorous small company environment. Commercial flair coupled to a confident, forthright yet diplomatic personality and hands-on approach are all critical to success in this demanding role. Preferred age: 28-32.

To apply, please send your CV to Vivien Bass, Douglas Llambias Associates at our London address, quoting reference number 2283.

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X

Outstanding Young Financial Executives

Major International Group

London — Up to 50k

We are seeking a number of exceptional young financial executives to fill key development positions within a major international group; a world leader in the branded consumer products and services market. The Company has consistently produced above average profit growth in a diversity of competitive market sectors and is set for further significant development both through acquisition and organic growth.

In keeping with the Company's forward thinking strategy, our client wishes to appoint financial executives, initially into functional Head Office roles, who have the potential for rapid promotion to senior line management positions within the Group. All require strong commercial ability, personal drive, sound judgement and the high level of communication and interpersonal skills expected of a successful executive in a fast moving, competitive environment.

Candidates aged 27-35 must be qualified accountants or business graduates who have already demonstrated an outstanding level of achievement in their career to date. They must possess a high level of intellect, good technical accounting skills and strong commercial acumen and have the strength of personality to make an immediate impact at a senior level in the organisation.

Please apply in confidence indicating your present salary and enclosing a copy of your C.V. to Peter Makin, quoting reference 1870.

Odgers MANAGEMENT CONSULTANTS
Odgers and Co Ltd, One Old Bond St. London W1X 3TD. 01-499 8811

MANAGER– FUND ACCOUNTS

ACA/ACCA – GUERNSEY

Excellent Salary plus substantial benefits

The National Mutual Group and its subsidiaries control assets in excess of $8,000 million world wide.

NM Schroder Financial Management International Limited, a subsidiary of NMSFML, is based in Guernsey and manages the NM Portfolio Selection Fund Limited – an open ended investment company registered in the Cayman Islands with 23 classes of participating shares. NM Schroder Financial Management International Limited also provides a range of services specifically geared to the needs of the international offshore investor.

Responsibilities of the Fund Accounts Department include the preparation of the published accounts of all funds managed by the Company, maintenance of accounting records, preparation of daily valuations and the publication of prices.

This post offers excellent opportunities for career development for qualified accountants who ideally possess relevant experience in the Financial Sector.

The successful candidate probably aged 26-40, will be eligible to apply for a local market housing licence.

Written applications, enclosing an up-to-date CV, should be submitted to Michelle A Drew – Personnel Department, Box 273, Schroder House, The Grange, St Peter Port, Guernsey, Channel Islands.

NM Schroder Financial Management
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UNIT TRUSTS · LIFE ASSURANCE · PENSIONS · ASSET MANAGEMENT

PRINCIPAL INTERNAL AUDITOR

WESTMINSTER

£19-23,000 + GENEROUS BENEFITS

The Municipal Insurance Group is one of the top ten UK insurance companies, with additional interests in life assurance and pension products, unit trusts, banking and property. The Group has assets in excess of £1bn and employs some 2,000 staff, with plans for continued growth and diversification.

We are looking for a qualified Internal Auditor and/or Accountant with extensive systems-based internal audit experience, to be deputy to our Group Internal Auditor, working within a small (5-strong) and highly-professional department.

The Internal Audit Department based in Westminster became fully operational in April of this year, and has already begun to make an impact on the work of the Group. You will play a major role in continuing the development of the function and enhancing the good team spirit within the department and the group.

The post calls for considerable supervisory skills and you should have both previous man-management experience and a thorough understanding of internal audit control.

With regular access to all management levels, a high standard of oral and written communication is required.

It is most unlikely that candidates under 30 years of age will have acquired the necessary skills and experience to meet the challenges of this post.

In addition to an attractive salary, the post affords substantial benefits which include:

- Use of company car
- Subsidised mortgage
- Private health-care
- Excellent pension scheme

For further information please contact: Mrs Sue Browning, Group Personnel Dept. Municipal Insurance Group, Unit 16, Armstrong Mall, Southwood, Farnborough, Hants. GU14 0NR Telephone: (0252) 522000 Ext. 274.

INSURANCE — GROUP —

MBA/ ENGINEER

Canadian based MBA Finance (Hons) seeks challenging position with high technology manufacturer or consultant. BSEE (1979) industrial, electronic - IT background. Most recent experience in corporate lending. Creative, strategic thinker, demonstrated success in team leadership.

Write Box A0941, Financial Times, 10 Cannon Street, London EC4P 4BY

FINANCIAL CONTROLLER

c£23,000 + Car

A commercially-minded qualified accountant, aged 28-36 (ACA, ACMA, ACCA) is required to work closely with the M.D. of a dynamic constantly changing small group of companies (total t/o £8m), based in S.W. London.

This is a new appointment and budget, cost, finance and administration skills are essential. In addition to the financial role, there will be involvement with marketing, planning and group structure - establishing a group identity with profit centres.

The successful candidate will be personable and have a positive approach. Whilst being a sounding board for the Managing Director, he/she will be able to keep pace with the high expansion rate of this successful company and be a good man-manager.

Ask for Pat Hester on 01-542 8953

or send your C.V. to Zenith Accountancy, Coltingham House, Gladstone Road, London SW19 1QH

Hoggett Bowers

Executive Search and Selection Consultants

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A MEMBER OF BLUE ARROW PLC

Group Internal Auditors

Career Move Into Commerce!

North London, — *c £22,000, Significant Bonus, Car*

This highly profit oriented quoted company which operates in Finance & Property Development, offers a stimulating platform to move into the fabric of commercial enterprise.

As part of a planned expansion this multi-disciplined team now seeks to extend their specialist audit function embracing all company operations and providing a progressive internal management consultancy and audit service.

The ideal candidates aged 25-40 will be qualified ACA's with a minimum of one years relevant post-qualification experience and display a flair for identifying commercial opportunities outside the more traditional accounting function.

Personal qualities will include a flexible individual who can demonstrate effective interpersonal and organisational skills to achieve maximum results. This highly visible role should be considered as a stepping stone for future advancement into senior line management within the Group. Generous executive benefits.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *Bernadette Boylan, Accountancy Division, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-409 2766, quoting Ref: K16003/FT.*

County Treasurer

£38,400 + performance bonus

The present County Treasurer, Michael Beasley, retires later this year, and the County Council is seeking a successor.

The County Treasurer is the Council's Principal Advisor on all financial policy and financial management issues, with the support of a Department of 140 staff who provide a comprehensive range of financial services. The Treasurer is expected to participate actively in the corporate management of the Authority, and contribute positively to the organisational and attitudinal changes now taking place. A key issue for the person appointed will be to develop the financial systems necessary to support the commercial and devolved style of management of the Authority.

Candidates must have experience at a senior level of a broad range of financial and managerial functions; be able to communicate persuasively and effectively with Councillors and with financial and other professionals; be self-motivated and able to motivate others.

The appointment will be made on the basis of a five year fixed term contract and competitive relocation package.

Application forms and information pack available from the County Personnel Officer, Shire Hall, Shinfield Park, Reading RG2 9XA. Telephone: Reading (0734) 875444, Ext 3074.

Closing date for applications: 27th July 1988.

Royal County of BERKSHIRE
AN EQUAL OPPORTUNITIES EMPLOYER

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RECENTLY QUALIFIED

Windsor

A major British plc, our client is at the forefront of technology worldwide in a number of fields. Recent acquisitions have significantly increased the scope and the impact of the group and it is committed to further expansion, both organically and by acquisitions.

An ambitious recently qualified accountant is sought to strengthen its group accounting function – an excellent opportunity to gain initial commercial experience or to capitalise on that already gained by working in a small high profile team in the group's head office.

Making extensive use of computers, emphasis will be on group management and statutory accounting and providing accounting support and advice to subsidiaries. Success in this role will create excellent career opportunities at group or operating company level.

The competitive remuneration package includes, where appropriate, assistance with relocation.

Please write with full career details or telephone David Tod BSc FCA quoting reference D/646/MF.

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 01-405 3499

LLOYD MANAGEMENT

FINANCIAL CONTROLLER

c £27K + bonus (£6K) + car — **Cambridge**

Acorn Computers Limited is an established market leader in the design and development of high performance micro-computer based systems for use in a wide variety of applications. Listed on the USM, our annual turnover for 1987 was around £40 million. We now need an experienced chartered accountant to head our finance team and contribute to the next phase of our development programme.

As our Financial Controller you will be responsible for the day-to-day running of the 30 strong team of the Finance Division. Tasks will cover all aspects from finance and management accounting to credit management and data processing. Reporting to the Finance Director you will also deputise for him in his absence and provide him with analysis, recommendations and reports on all financial matters.

As a Chartered Accountant you will already have a broad range of experience but we are ideally seeking a person with a good commercial background in a UK plc looking for their next career move. Experience will preferably be within a hi-tech environment, where you will have become familiar with statutory accounting, corporate taxation and will be skilled at managing a team through other managers.

The rewards are competitive and the post offers a challenging opportunity within a thriving hi-tech environment.

To apply, please write with a full c.v. quoting reference number K/107/FC to:-

dcn
Mrs D M Macrow,
DCN Recruitment,
Newman House,
Northgate Avenue,
Bury St. Edmunds,
Suffolk IP32 6BB.

Acorn
The choice of experience.

COSTING MANAGER

c£24,000 + car

Marketing Environment

A marketing oriented Costing Manager is required for a young and dynamic Division of a world-renound consumer durables Group.

This is a senior appointment with every prospect of early progression to Board status.

In the first instance, the responsibilities will be to lead a department controlling cost and management requirements, financial analysis and the trading account side of the business.

Applicants should be ACMA qualified, aged 26-35, with a successful professional track record in an industrial or consumer marketing environment.

Full CV please quoting ref WLF to:-
JOHN HUNT ASSOCIATES,
ASHLEY HOUSE,
ASHLEY GREEN ROAD,
CHESHAM, BUCKS,
HP5 3PE

Audit Manager

Rural Midlands — £neg + car + benefits

T.N.T. Express (UK) Limited is the epitomy of dynamism and success. It has become a household name through its commitment to service, strong but innovative management and its attention to detail. With a substantial turnover and a workforce of 7,000+ it is the pacesetter within the transportation and parcels industry.

The audit department has made a significant contribution to the company's growth. The responsibility of the Audit Manager is to maintain and develop this role through tight control of operational reviews and financial audits for depots and divisions within the UK.

Reporting directly to the General Manager Internal Control and Development, the post is clearly regarded as a vital management position. Candidates should therefore be qualified accountants with a strong audit background and a desire to capitalise on what is undoubtedly a unique opportunity.

For further information please call Peter Hall, consultant to the company, on 01-630 8621 or write to him at: M.H.A. Ltd, 7th Floor, Glen House, Victoria, London SW1E 5AG.

MHA

Finance Director

Far East

Applications are invited from qualified Chartered Accountants in their mid-30s to mid-40s for the position of Finance Director with a medium sized engineering company located in Malaysia, which is associated with a major British Group.

Some experience in manufacturing and contracting is preferred. Applicants must be capable of contributing to the profitable running of the business in an international environment.

Expatriate terms will apply.

Interviews will be conducted in London. In the first instance, please write with a full c.v., quoting reference 60093/NJB/88, or telephone: Nigel Bastow, Consultant, Austin Knight Selection, 17 St Helen's Place, London EC3A 6AS. Telephone: 01-437 9261 (01-256 6925 evenings/weekends).

Austin Knight Selection

International Appointments

SWITZERLAND

THE BANK FOR INTERNATIONAL SETTLEMENTS, an international institution in Basle,

is looking for a

STATISTICIAN/DATA BASE TECHNICIAN

to fill a vacancy in its Monetary and Economic Department. The emphasis of the Department's work is on the analysis of national and international economic developments, including monetary and financial markets. The job will involve participating in the development and use of statistical systems and computer-based analytical techniques. Facilities include mainframe and micro-computers and telecommunication links with reporting institutions and commercial data services.

Candidates, who should be aged between 25 and 35, should have good qualifications in computer/statistical methods and, preferably, in economics. In addition, they should have previous experience with national or international statistics. Knowledge of English is essential; knowledge of French and/or German would be an advantage.

The Bank offers a good salary and first-class pension and welfare benefits.

Please write, enclosing curriculum vitae, copies of testimonials and recent photograph, to the Personnel Office,

BANK FOR INTERNATIONAL SETTLEMENTS
4002 Basle, Switzerland

FINANCIAL TIMES
Thursday July 14 1988

First Chicago rebounds with net $123m gain

BY ANATOLE KALETSKY IN NEW YORK

FIRST CHICAGO, the US bank holding company, reported net income of $122.9m or $2.02 a share, representing a substantial turnround from the $599.9m net loss reported in the year-earlier quarter.

Like all other major US banks, First Chicago reported a big loss in the second quarter of last year as a result of reserves set aside against its portfolio of Third World loans. This has rendered the traditional year-on-year earnings comparison meaningless for the latest quarter's figures.

Profits declined by 15 per cent in comparison with the first quarter of 1988, when First Chicago earned $141.5m or $2.38 a share.

Most of the difference was due to a one-off gain of $24.3m recorded in the first quarter from the settlement of certain pensions obligations.

First Chicago's net interest income before provision for credit losses was $297.1m, compared with $305.6m in the first quarter and $293.6m in the second quarter of 1987.

The credit loss provision was reduced to $57.3m, compared with $100m in the first quarter and $855m in the second quarter of 1987.

Non-interest income was $234.7m, against $273.3m in the first quarter (including the $24.3m pensions gain) and $120.7m in the second quarter of 1987. In the year-ago quarter the bank recorded a loss of $28.6m on its securities trading account.

Non-interest expenses were $319.1m, compared with $311.5m in the first quarter and $278.3m a year ago.

The big growth in expenses over the past 12 months has been mainly to acquisitions and credit-card affinity promotion programmes. Excluding these items, First Chicago said its non-interest expenses would have been only 5 per cent higher than a year ago.

Analysts said First Chicago's solid second quarter earnings were buoyed by strong credit card fee income, good cost control and improved asset quality. One commented: "It has some of the best earnings momentum in the industry from fee growth in credit cards and from asset quality improvement."

Caterpillar profits grow

BY OUR NEW YORK STAFF

CATERPILLAR, the world's largest construction equipment manufacturer, which is often seen as a bellwether for the US capital goods industry, enjoyed impressive gains in profits, sales and margins in the second quarter.

Caterpillar's net profits of $145m or $1.44 a share were 19 per cent up on the year-earlier results of $118m or $1.20. Pre-tax profits improved much more sharply from $130m to $216m.

Worldwide sales revenues rose 26 per cent to a quarterly record of $2.6bn, with most of the increase due to higher physical sales volumes, but significant price increases had also contributed to the big revenue and profits gains.

Sales in the US advanced by 20 per cent to $1.34bn as demand for construction machinery increased. Outside the US, sales jumped by 32 per cent to $1.21bn as Europe enjoyed better business conditions, Canada experienced strong investment demand and high commodity prices and Japanese sales reflected rapid growth in construction.

CBS ahead despite slide in prime time market

By Our New York Staff

CBS, the New York broadcasting group, yesterday reported an improvement in its television and radio business in the second quarter despite its slide in the prime-time market and continued management upheaval.

The broadcast group, which has been shorn of its record and publishing businesses by its hard-driving chairman, Mr Laurence Tisch, saw a 7 per cent rise in operating profits in the broadcasting operations to $155.1m on a 4 per cent rise in net revenues to $740m.

The June quarter, which provided profits from a busy sports schedule, marks a sharp improvement over the weak first quarter when the network and TV and radio stations could earn only $15.6m on net sales $696.2m.

Overall net income for the June quarter rose 40 per cent to $128.7m, or $5.01 a share, with net income from continuing operations up 77 per cent. But these dramatic gains were mostly derived from the interest income on the $3bn cash hoard Mr Tisch has built from the disposal of the non-broadcasting businesses.

CBS saw net interest income of $43.9m in the second quarter against a net interest charge of $6.7m in the 1987 June quarter.

CBS is last among the three networks for the first time in 36 years and has suffered management turmoil in its news business because of Mr Tisch's efforts to cut costs.

Mr Tisch, who took control in a management coup two years ago, said that the higher sales and better operating margin showed the effectiveness of cost cutting and efficiency moves. "All areas of the Broadcast Group – the television network, television stations and radio – contributed better results," he said.

Roderick Oram analyses the new direction for a household name in photography

Instant change for Polaroid's image

FOR POLAROID, 1978 was a sensational year. With two of every five cameras sold in the US made for instant photography – the field it created 30 years before – the company smashed its own records for shipments and profits.

But it was a feat it could never repeat. Conventional roll film and cameras reasserted their ascendancy in the following 10 years in cost, quality and convenience. Polaroid's sales of instant film and cameras fell away at a rate of about 10 per cent a year.

It scored a few victories along the way in research labs and court rooms, but they could never halt the retreat. Although instant photography still accounted for 90 per cent of its $1.76bn of sales last year, it was increasingly obvious to the company and Wall Street that it was time Polaroid developed other interests.

Its new direction came clear on Tuesday, when it announced the refocusing of its activities. It will stay in the business of capturing images but it is taking a new technological tack. Mr MacAllister Booth, Polaroid's president, said it will accelerate efforts to develop "new media technologies, electronic imaging and other programmes that our future in the imaging field depend on."

It is a two-pronged approach – one in the new high-tech areas, such as electronic images, and the other in the mature and intensely competitive business of conventional roll films. After decades of preaching the virtues of instant photography, Polaroid must feel some distress about having to go toe-to-toe with the likes of Eastman Kodak of the US and Fuji Photo Film of Japan in a business it once disdained.

Instant photography will remain a core business for Polaroid, however, and it has announced measures such as an 8 per cent reduction in its US workforce to make it more profitable. The stock market pressure for such action is building. The company, based in Cambridge, just outside Boston, has long been seen as a takeover target. An unidentified investor has accumulated, probably with hostile intentions, a stake of between 2 per cent and 5 per cent.

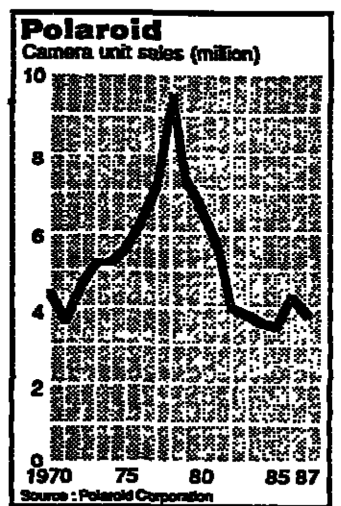
Its attractions are multiple. Apart from its monopoly of instant photography, which will generate profits for years to come, Polaroid is free of long-term debt and about to receive $1bn or more from Eastman Kodak to settle a patent infringement suit.

At the time of the 1985 court victory, it looked as though Polaroid had vanquished its only rival in instant photography. But the spoils have only added to the company's appeal to raiders.

Polaroid is seeking $5.7bn of damages; Kodak reckons it should pay $300m. Court hearings on the financial settlement begin in January, with Wall Street pencilling into Polaroid's share price a windfall of between $1bn and $1.5bn.

Having booted Kodak off its turf, Polaroid now has to battle the giant on its own terms. Utterly unlike the manufacturer of any other mass, cheap consumer product, Kodak has kept most of the business it created for over a century.

The only serious challenge so far has come from Fuji Photo Film of Japan which has 10 per cent of the US and 15 per cent of the world markets. Polaroid believes it can capitalise on its well-known name, reputation for high quality and finely honed marketing and distribution skills to carve out some of the world market for itself.



Source: Polaroid Corporation

Although there is no guarantee of a profitable payoff, Polaroid had to take the plunge into conventional film as instant photography has been falling further behind mainstream conventional film on picture quality and price.

In the US, a picture from conventional roll film costs about 45 cents for the negative and processing, compared with some 90 cents for a Polaroid. Moreover, improvements in the ease and technology of conventional film processing has put "mini-labs" offering one-hour processing in every shopping street.

The closing of the convenience gap has hurt Polaroid badly. Studies show that the thrill of instant photography fades rapidly for the typical user within a few years of buying a Polaroid. The company has tried to counter the trend by introducing new products every few years.

Polaroid also lost a lot of ground to 35mm film because of the development of high technology, but increasingly to cheap, "point and shoot" cameras.

Consequently, instant cameras fell from a peak of 40 per cent of new camera sales in the US in 1978 to well under 20 per cent last year. Polaroid's camera unit sales slumped from almost 9.5m in 1978 to a trough of 3.7m in 1985.

Polaroid's net profits plunged from a record $118.4m in 1978 to $23.5m in 1982, but recovered to $116.1m last year.

But in the longer term, there was only one solution – to start the search for the next great leap in technology which might bring a reward as bountiful as instant photography.

Mead, Georgia-Pacific post striking advances

BY JAMES BUCHAN IN NEW YORK

MEAD and Georgia-Pacific, two big pulp and paper groups, reported strikingly higher second quarter earnings to June on strong order backlogs and good mill operating rates.

Mead, the Ohio company which is a leading supplier of paper to publishers, schools and offices, said earnings were 35 per cent up on the 1987 June quarter at $73m or $1.12 a share. Sales rose 7 per cent to $1.16bn.

Georgia-Pacific, which manages vast timberlands in south-eastern US, reported a smaller rise, with its building lumber business held back by weakness in new housing.

Net second quarter income was $118m, against $111m before a special gain of $37m in the 1987 second quarter. Earnings per share rose from $1.01 before the gain to $1.21 as the company bought back shares during the year. Sales rose 14.3 per cent to $2.4bn.

In the first six months, Mead earned $138.8m or $2.13 a share including a 17 cent first-quarter special. The gain was 61 per cent on a 10 per cent sales rise to $2.25bn. Georgia-Pacific saw earnings fall from $228m or $2.06 a share to $224m or $2.22 a share on 14.7 per cent better sales at $4.53bn.

Murdoch launches assault on bible market of the US

BY ANDREW BAXTER IN LONDON

MR RUPERT MURDOCH, the Australian-born publisher whose tabloid newspapers feature among the racier titles on the world's newsstands, is moving into the US bible and Christian book market.

Harper & Row Publishers, the US publishing house which is owned jointly by Mr Murdoch's News Corporation and its William Collins affiliate of the UK, has agreed to buy Zondervan, the largest US publisher of Christian books, for $13.50 per share or a total of $56.7m.

Zondervan, with annual sales of around $100m, is also the second largest US printer of Bibles. It has exclusive US rights to the New International Version of the Bible.

Zondervan has been the subject of takeover activity for some years. In April 1986, a group led by Mr Christopher Moran, a British investor, bid $23.50 a share for the company, but its overtures were rejected. In October 1986, the company put itself up for sale, and subsequently Miwok Capital, a member of the now defunct Moran group, set up another investor group.

Harper & Row, which itself was purchased by Mr Murdoch only in May last year, said yesterday its goal was to give Zondervan the resources to enhance its position in Christian publishing and retailing. It also aims to expand Zondervan's market into academic, professional and general book publishing.

Under an agreement approved unanimously by the Zondervan board, a subsidiary of Harper and Row will begin as soon as possible a cash tender offer for all outstanding Zondervan shares. Zondervan said Harper & Row had indicated already that it has arranged financing for the transaction.

FRENCH GROUP LOSES BOTTLING AND DISTRIBUTION RIGHTS

Coca-Cola wins round in Pernod court battle

BY PAUL BETTS IN PARIS

COCA-COLA won a major round yesterday in its legal battle against Pernod Ricard when the Paris appeals court ruled in favour of the US company's decision not to renew the French drinks group's marketing concessions for Coca-Cola in France.

The judgment is a big blow for Pernod. It launched the legal action earlier this year after the US soft drinks group decided to break off its production and distribution agreements with the French company. These had dated back to 1949.

Pernod had agreed to negotiate a settlement with Coca-Cola last January, but the two companies fell out over the amount of compensation, with the French group claiming that Coca-Cola had made at the time an unacceptably low offer. They are now understood to be holding talks to try to settle this issue.

The stakes are particularly high for Pernod since its long-standing Coca-Cola license business has accounted for about 10 per cent of the group's annual sales of FFr 12.5bn ($2bn). For its part, Coca-Cola has been seeking to take direct control of its soft drinks operations in France as well as in several other European countries.

The French company won an initial ruling last month from the Paris commercial tribunal ordering Coca-Cola to resume normal commercial relations with Pernod. Coca-Cola immediately launched an appeal.

Although the appeals court yesterday took no decision on the issue of compensation, its ruling establishes Coca-Cola's right not to renew bottling and distribution contracts which were under litigation with three Pernod subsidiaries.

The court ruled that the Coca-Cola distribution rights in Orleans would revert to the US company next month and in Marseilles at the beginning of 1990. The court also confirmed the right of Coca-Cola to terminate contracts for distribution of canned products no later than the beginning of January 1990.

Coca-Cola also announced plans to develop further its businesses in France following the ruling. Mr John Georgas, Coca-Cola's executive vice president, said France would play an increasingly important role in the company's business in Europe.

The company is building a FFr300m facility at Dunkirk – which is due to be completed in September 1989 – to produce 1bn cans of Coca-Cola a year. At La Seyne in southern France it is building a FFr200m plant to produce beverage base which is expected to be completed next July.

Earlier this year, Coca-Cola regained the rights to manufacture and distribute its products in the Bordeaux and Vichy regions.

However, the company said yesterday that in other regions' bottling contracts held by Pernod and other bottlers would remain in effect until the respective contracts expired.

Mr Georgas said the company was already increasing the size of its sales force in Bordeaux and Vichy.

"We will undertake similar efforts as bottling and distribution rights revert to the company," he added.

Peugeot expects record output this year

BY OUR PARIS STAFF

PEUGEOT, the French private car group embracing the Peugeot and Citroen marques, expects its output to reach a new record of more than 2m cars this year, exceeding last year's production record of 1.9m cars.

Mr Jacques Calvet, chairman, also confirmed that he expects the company's net profits to remain at around the same level of last year's FFr6.7bn ($1.08bn) despite a far bigger tax burden this year. In contrast, pre-tax profits are expected to rise by 30-35 per cent.

Peugeot is expected to pay this year some FFr4.5bn-5bn in taxes compared with only FFr1.6bn last year because the company no longer benefits from the carry-forward of previous losses. Peugeot returned to the black in 1985 after losing FFr5bn between 1982-84.

Mr Calvet said yesterday that the group's output had increased by 13.5 per cent in the first half of this year compared with a year ago. First-half sales in volume terms had risen by 15.8 per cent in Europe and by 13 per cent in France.

Peugeot led the French car market in the first half of this year with a 35.9 per cent penetration compared with 29.3 per cent for Renault, its domestic state-owned rival, and 34.8 per cent for foreign imports.

In Europe in the first half of this year, Peugeot has overtaken Ford in third place with 12.7 per cent of the market behind Fiat and Volkswagen which have 15.6 per cent and 14.9 per cent respectively.

Mr Calvet said volume sales in the first half had been better than expected and that 1988 as a whole would be a good year for his group. But he added that the next two years would clearly be more difficult because of the general market environment.

Jacques Calvet: predicts 30-35 per cent pre-tax profit rise

Mr Jean Boillot, head of the Automobiles Peugeot division, said the European car market had been stronger than originally expected in the first half of this year, increasing by 5.1 per cent to about 6.825m new registrations compared with an already firm first half last year.

The French market had risen by 5.6 per cent in the first half and is expected to total more than 2m registrations again this year.

The division saw its European volume sales rise by 20.6 per cent in the first half of this year. Mr Boillot said he expected Peugeot sales to pick up in the US market with the launch of the American version of the Peugeot 405 saloon at the end of next month.

In the Far East, he said the division had renegotiated its car production agreement in Canton with the Chinese authorities to double output to 30,000 cars a year in 1991. He said the Chinese were also studying further production increases at the Canton plant.

Roche in Soviet venture

By Our Financial Staff

HOFFMANN-LA ROCHE, the big Swiss pharmaceuticals group, yesterday signed its first joint venture agreement with the Soviet Union – to produce medical diagnostic tests for the Soviet and selected export markets.

The venture, set to begin operations in January 1989, "represents a constructive step in the direction of long-term co-operation in the medical field," said Basle-based Roche.

The announcement comes some seven months after Sandoz, another big Swiss chemical and pharmaceutical company, said it had signed a joint venture agreement with the Soviet Union to produce sulphur dyes.

In Roche's venture, the new company, called Diaplus, will be located in Moscow and start up in January, Roche said. It is capitalised at SFr10m ($6.6m) and 500,000 roubles ($803,660). Roche will hold a 49 per cent stake in Diaplus.

Roche declined to estimate the size of the Soviet market for diagnostic kits. It said production would start in Switzerland, then shift to the Soviet Union by 1994.

Diagnostics accounted for 11.3 per cent of Roche's 1987 revenues of SFr7.82bn. The division, established in 1969, produces reagents and analytical equipment.

Meanwhile Ciba-Geigy, another Swiss drugs group, reported a 9.4 per cent rise in first-half sales from SFr8.28bn to SFr9.06bn.

Shares crash hits IMI profits

BY ALAN FRIEDMAN IN MILAN

ISTITUTO Mobiliare Italiano (IMI), the state-owned medium-term credit institute, yesterday revealed a 30 per cent drop in its consolidated net profit for the year to end-March.

Mr Luigi Arcuti, chairman, said 1987-88 profits were down to L419bn ($307m) largely because of the write-down on share and bond holdings caused by last October's crash in world stock markets.

IMI, which has substantial financial services activities including Italy's biggest unit trust concern, said pre-tax profit declined by 35 per cent to L646bn.

IMI's parent company banking interests registered a 5.3 per cent improvement in net income to L299bn.

The losses attributable to securities and foreign exchange trading amounted to L63.6bn in the year, compared with a L347bn profit in the period that closed in March 1987.

Mr Arcuti said in Rome yesterday that despite the drop in profits IMI is well positioned for the coming internal European market, not least of all because it is well capitalised in comparison to other Italian banks.

Group assets totalled L38,589bn at March 31, an increase of 9.4 per cent year-on-year. The group's outstanding loan book totalled L30,200bn, an improvement of 6.7 per cent.

● European Vinyls Corporation (EVC), the polyvinyl chloride (PVC) manufacturer formed in 1986 as a joint venture between Britain's ICI and Italy's Enichem, is to acquire TPV, an Italian PVC company. Purchase price was not disclosed.

TPV is based in the central northern Italian region of Emilia Romagna and has 10 per cent of the domestic Italian market.

Pirelli acquires French specialty cable maker

BY OUR MILAN CORRESPONDENT

PIRELLI, the Italian tyre and cables concern, has acquired Filergie, a French specialty cable maker that was owned by Italy's Fornara group.

Pirelli did not disclose a purchase price for the French cable business, which had sales of FFr2bn ($322.8m) in 1987. But Mr Guido Accornero, who controls the Fornara group, yesterday said he had been paid L120bn ($88m) by Pirelli.

Filergie produces high and low tension electrical wires and industrial and telecommunications cables. It employs about 3,000 people at its eight plants.

Pirelli also announced the purchase of a 33 per cent equity stake in Neptun Pag-O-Flex Offshore Flexibles, a West German underwater tubing manufacturer owned by Brasnor of Norway.

Brasnor is in turn owned jointly by Petrobras of Brazil and Neptun Teknologi of Norway, each of which has a 50 per cent stake. Pirelli yesterday declined to disclose the cost of the deal.

Huhtamaki sells aerosol cans offshoot to Pechiney

BY SARA WEBB IN STOCKHOLM

HUHTAMAKI, the Finnish group with interests in food, drugs and packaging, has agreed to sell its Printal subsidiary, which makes aerosol cans, to Pechiney, the French aluminium producer, for an undisclosed sum.

Huhtamaki said that the strong increase in aluminium prices had meant it was difficult to obtain the raw material for the cans at a reasonable price.

However, as part of an aluminium-producing group Imku Pechiney Printal should be ensured of a secure supply of raw materials, according to Mr Timo Peltola, executive vice president of Huhtamaki.

Printal is expected to show a turnover of FM100m ($23m) in 1988 and "a good profit" after the weak performance of 1987. It has a 30 per cent share in the UK market for aerosol cans and a strong position in the Scandinavian countries.

Established in 1952, Printal is one of Europe's leading exporters of aerosol containers from its plant at Hanko in Finland. It also has a manufacturing plant at Devizes in the UK, where 35 of the 216 employees are based.

Legal Notices

LEASEMARK INVESTMENTS LIMITED

Registered number: 1628802
Nature of business: The lessors of business premises
Trade classification: 35
Date of appointment of administrative receiver: 1 March 1988
Name of person appointing the administrative receiver: Barclays Bank plc
JOSEPH PARTICK CONSIDINE
Administrative Receiver
(Office holder no 058)

of Cork Gully
Churchill House
Churchill Way
Cardiff
CF1 4XQ

INTERNATIONAL COMPANIES AND FINANCE

Best Denki stays silent over link with Dixons

By Stefan Wagstyl in Tokyo

BEST DENKI, Japan's biggest electrical retailer, is keeping closely guarded its plans for links with Dixons, the largest electrical chain store in the UK.

While many Japanese companies are becoming increasingly willing to explain their activities to the outside world, Best Denki yesterday directed a reporter to search through files in public libraries for information.

Best Denki has made no public comment since it and Dixons said last week that they were in the early stages of talks which might lead to co-operation, staff exchanges and cross-shareholdings.

Based in Fukuoka, in Kyushu, Japan's southern island, Best Denki's headquarters are several hundred miles from Tokyo. But the group's ambitions are anything but provincial.

Since its foundation in 1953, the company has expanded rapidly under the leadership of Mr Misuo Kitada, chairman, who is also the company's largest single shareholder with 41 per cent of the equity.

Group sales in the year to February grew 19 per cent to Y150bn ($1.13bn), boosting pre-tax profits 16 per cent to Y11.1bn. Like Dixons, Best Denki concentrates on television sets, video recorders and audio equipment, but also sells air conditioning and kitchen appliances.

The thrust of the company's recent growth has been in spreading north from Kyushu into the heartland of the Japanese economy, in Osaka and Tokyo. It plans to open a further 38 stores this year.

Best Denki is not a newcomer to links with overseas groups. About 10 of its 385 stores are abroad — in Singapore, Hong Kong and the US, run mainly through a tie-up with Yaohan Department Store, a chain based in Shizuoka, near Tokyo.

Equally important are Best Denki's trading links with foreign suppliers. Like Dixons, Best Denki buys a large amount of stock in south-east Asia.

Last month it signed a deal with General Electric of the US, under which the American group will supply Best Denki with refrigerators to be sold under Best Denki's brand name. It is unusual for GE to supply customers on this basis — an indication of the market power of Japan's biggest electrical retailer.

If the agreement goes well, Best Denki also plans to buy air conditioning equipment, ovens and washing machines from GE.

Japanese analysts believe the biggest advantage to Best Denki of a deal with Dixons would lie in enhancing its buying power.

The company might also hope to benefit from exchanging staff with Dixons. Japanese retailers feel that while the country's manufacturers are often more than a match for Western companies, in retail the country still has something to learn.

The development of retailers' power in Japan, especially of chain stores like Best Denki, has been hampered by government regulations which protect small shopkeepers.

John McIlwraith on a legal battle to be waged by former associates

Fairfax to challenge on bid fee

AN UNSEEMLY dispute between former close business associates will be played out, to the fascination of the Australian financial community, in a series of court actions later this year.

The argument is over a fee of A$100m (US$79.2m) allegedly due to Rothwells, Mr Laurie Connell's Perth-based investment bank, from the embattled John Fairfax publishing group.

Fairfax has, in turn, asked the New South Wales Supreme Court to allow a counter-claim against Rothwells and Bond Media, Mr Alan Bond's company with which Rothwells is linked.

The fee, which would be the highest paid for financial advice in Australia, was proposed during the heady days before the October crash when Mr Warwick Fairfax initiated a A$2.55bn takeover. This consolidated family control over the Sydney Morning Herald, Melbourne Age and other core titles.

But the plan had envisaged the sale of other assets. Following the crash most of these disposals failed to take place, leaving the now privately owned company with enormous debts.

Mr Connell and a group from Rothwells were advising Mr Fairfax under an arrangement made on August 28. However, by February there were a number of key resignations from Fairfax and soon afterwards Mr Connell severed his ties with Tryart, the Fairfax family company being employed to carry out the restructuring.

Warwick Fairfax: disposals failed to take place

Alan Bond: facing Fairfax counter-claim

Meanwhile, Mr Connell faced problems of his own, with a dramatic run on Rothwells' funds in the week following the events of October 19. This was ended by a rescue package involving some of Australia's richest men.

The package had been quickly assembled by Mr Bond, but what was not known at the time was that, through Bond Media, he had accepted the unpaid A$100m fee as security against an advance of A$57m made to Rothwells.

Mr Connell's group appears to have achieved some level of stability in the period since the crash, but the restructuring has considerably reduced his holding in Rothwells – to about a quarter, from close to half the company.

Rumours that a massive fee had been arranged circulated in the months after October and there was a suggestion that it had been "factored on" to Bond at a discount in order to raise money quickly for Rothwells. However, none of the rumours estimated the fee to be as high as A$100m. The confidentiality agreements surrounding the deal were abandoned at the end of last month, when the deadline for payment passed.

Fairfax officials said that Tryart had refused to pay because the fee had not been earned. "Under the agreement, Rothwells had the obligation to perform certain services but that obligation has not been carried out," they said.

A rejoinder from Rothwells said the company found it impossible to understand Tryart's allegations. "In view of the contractual acknowledgement of November 9 1987, the fee was due and payable on June 28 1988."

Confirmation that any fee would be payable to Bond Media came when that company was the first to initiate action for its recovery, to be joined later by Rothwells.

This week, Tryart confirmed its stated intention of retaining the right to counter-claim, with counsel arguing before the NSW Supreme Court that Tryart acknowledged an obligation to pay Rothwells, but that was expressed to be conditional on the proper performance by Rothwells of the services it was obliged to perform.

Those services included giving *advice and assistance for* 12 months after the agreement was signed, counsel added.

The court was told that the advice Rothwells gave did not constitute a proper performance of its services and that a memorandum of understanding signed by Tryart, Bond Media and Rothwells on November 9 was a qualified version of an original draft document Tryart had refused to sign. The case is expected to begin *on October 19 and to last* about three weeks.

Israel completes sale of Paz to foreign investor

By Andrew Whitley in Jerusalem

THE SALE by the Israeli Government of Paz, the country's leading fuel group, to Mr Jack Liberman, an Australian Jewish businessman, went through yesterday after an initial agreement five months ago encountered obstacles.

The transfer of the Government's 75 per cent holding in Paz to Mr Liberman for $95m makes him the country's leading foreign investor.

It also marks the most important success of a fitful privatisation programme, expected to see the sale of other large companies such as Israel Chemicals.

Strong gains at Japan Air Lines

JAPAN AIR Lines, the privatised flag carrier, yesterday cemented its return to the black with Y19.44bn ($146.9m) in group net profits for the year to March, Our Financial Staff writes.

This compares with a Y7.48bn consolidated net loss the previous year and improves on the Y16.74bn net earnings reported six weeks ago by the parent alone. JAL, which has benefited from increased foreign travel by the Japanese, boosted group revenues 11 per cent to Y972.1bn. Growth is expected to slow this year.

JAPANESE RESULTS

HITACHI CABLE
WIRES, CABLES

Year to	Mar 88 Y	Mar 87 Y
Revenues (bn)	267.3	242.2
Pre-tax profits (bn)	18.46	15.75
Net profits (bn)	9.13	7.74
Net per share	25.01	23.00

CONSOLIDATED

SUZUKI MOTOR
CARS, MOTORCYCLES

Year to	Mar 88 Y	Mar 87 Y
Revenues (bn)	999.5	869.5
Pre-tax profits (bn)	25.81	21.82
Net profits (bn)	10.70	9.60
Net per share	34.93	32.40

CONSOLIDATED

NIPPON MINING
PETROLEUM, NONFERROUS METALS

Year to	Mar 88 Y	Mar 87 Y
Revenues (bn)	807.2	721.3
Pre-tax profits (bn)	24.71	5.57
Net profits (bn)	7.45	3.12
Net per share	9.50	3.97

CONSOLIDATED

YOKOGAWA ELECTRIC
INDUSTRIAL INSTRUMENTS

Year to	Mar 88 Y	Mar 87 Y
Revenues (bn)	188.3	183.3
Pre-tax profits (bn)	13.74	11.79
Net profits (bn)	6.64	12.73
Net per share	30.62	62.25

CONSOLIDATED

Stefan Wagstyl reports on preparations for index trading in Japan

Tokyo looks for futures bonanza

STOCKBROKERS IN Tokyo are preparing to profit from what could be one of the biggest bonanzas created by the liberalisation of Japanese financial markets.

At the beginning of September, the Tokyo and Osaka Stock Exchanges are planning to launch stock index futures markets which they say could be worth Y1,000bn ($7.5bn) a day in turnover by the end of the year. Exchange officials believe index futures trading in Japan could eventually equal or exceed underlying equity market volume.

If they are right, the new instruments could transform the investment habits of Japanese institutions – persuading them to channel more of their funds into futures contracts, not just in Japan but overseas also, especially in Chicago, mecca of the futures industry.

Tokyo trading: contracts will heighten rivalry

The Big Four Japanese stockbrokers – Nomura, Daiwa, Nikko and Yamaichi – are likely to get the lion's share of this business, given the extent of their dominance of the cash market where they handle some two-thirds of trades. But foreign companies in Tokyo have a good chance of winning new business, due to their longer experience of trading futures overseas.

In addition, the launch of the new contracts is certain to sharpen the rivalry between Tokyo and Osaka. Last year, Osaka stole a march on Tokyo by launching the Osaka stock futures 50 contract – a modestly successful though heavily restricted index instrument. Tokyo is said to be on the look-out for revenge.

Moreover, stock index contracts are to be followed by a string of other developments next year, including the proposed opening of a financial futures market. So companies will be seeking to hone skills which can be applied elsewhere.

Futures trading is not new to Japan, since the first exchange dealt in rice 200 years ago. But the recent history of financial futures dates back only to 1985, when the Tokyo Stock Exchange launched a market in futures in 10-year Japanese government bonds. This has grown to be the largest in the world, with a daily turnover last month of nearly Y8,000bn.

By comparison, the Osaka 50 stock index contract had a daily average volume in May of about Y200bn. Brokers expect the new contracts to be vastly more successful as they will not suffer from the restriction imposed on the OSE50 contract.

This requires that settlement of expired contracts is carried out not in cash but, inconveniently, by the delivery of a parcel of share certificates.

The Tokyo contract will be based on the Tokyo Stock Exchange price index (Topix), a capitalisation-weighted index of all 1,100 shares on the exchanges first section. The Osaka index will be based on the much better-known but narrower Nikkei index of 225 leading stocks.

The Topix index is, in theory, a more accurate indicator of movement in the market as a whole. But, with a smaller basket of shares, the Nikkei responds more quickly and more dramatic to changes of mood.

Moreover, by covering all equities Topix has a heavy weighting – 23 per cent – in banks, whose shares have recently been particularly sluggish. Banks account for just 7 per cent of the Nikkei index, and 5 per cent of the OSE50.

Mr Kuniyoshi Fujii, a senior TSE official, says: "They are both good instruments and will rival each other."

Mr Yoshiharu Nishii, an OSE official, adds: "As the stock exchange which first started index futures in Japan, we will naturally try our best."

Mr Hiroaki Hanao, deputy general manager of Daiwa's stock trading department, estimates that the Tokyo contract might get two-thirds of the market.

Everything depends on what Japanese institutions make of the new instruments.

So far, Japanese investors have used futures markets very differently from US investors. In America, about half the trading is done by investors wanting to to protect themselves against price swings on their assets.

In Japan, Mr Bruce Meyer, a vice-president at Morgan Stanley, the US investment house, estimates that 90 per cent of the investors in futures markets are using the futures market to speculate – to take risks, not to guard against them.

This has given futures markets something of a bad reputation in Japan, in spite of the enormous size of the government bond futures market.

Last year, Tateho Chemical, an Osaka chemicals company, had to be rescued by its bankers after posting heavy losses in bond futures.

Nomura says the reaction among the Japanese was not to blame the company but Tateho's brokers 'for leading it astray. Nomura adds that, as a result, it is cautious in its approach in marketing futures, especially to private investors.

However, rival companies laugh at the thought that Nomura might take a back seat in the new markets.

The relative lack of experience in Tokyo opens an opportunity for foreign brokers, chief among them Morgan Stanley and its Wall Street competitor Salomon Brothers.

Morgan and Salomon are the only two foreign houses with associate (futures-only) membership of the Osaka exchange. Another six or seven foreign companies now want to join.

Mr Meyer believes that extra experience could win foreign houses a much bigger share of the futures market than the paltry 2.5 per cent or so they have in Japanese equities.

In particular, foreigners will have an edge in marketing hedging packages to Japanese institutions. However, Mr Meyer adds that Japanese houses will build up the necessary skills very quickly.

The success of the new market cannot be guaranteed. A new contract in 20-year government bond futures launched in Tokyo this month has got off to a very modest start.

Hong Kong may be forced to abandon index futures

HONG KONG share index futures contracts could cease trading as early as next spring if the Hong Kong Futures Exchange fails to reform its administration and risk-management structure, AP-DJ writes from Hong Kong.

At a press briefing yesterday, Mr David Nendick, the Hong Kong Secretary for Monetary Affairs, said the Government would encourage the reforms recommended last month by the government-appointed securities review committee, but would not force change.

The Securities Review Committee, which was set up to investigate local markets and regulatory bodies after the October stock market crash, has proposed that the exchange's clearing house and contract guarantee corporation be combined into one entity, under the control of the exchange.

Mr Nendick said the exchange was negotiating with the International Commodities Clearing House (Hong Kong) to find a way to implement a proposed restructuring and hoped to have an agreement in place within the next two or three months. If the restructuring was not accomplished, stock index futures trading could cease as early as next spring.

Mr Nendick added that an even more serious deadline was approaching in October 1989, when the Government standby facility expired.

Greece to put forward prospectus proposals

GREECE INTENDS to use its current presidency of the European Community to push for moves that would oblige issuers of new securities, including Eurobonds, to publish prospectuses before making a public offer, Reuter writes from Athens.

Mr Panayotis Roumeliotis, the Economy Minister, said yesterday that progress towards creating a genuine Greek common market in financial services by the EC's target date of 1992 would be one of the priorities of Athens's six-month presidency of the 12-nation group, which began on July 1.

He said he hoped EC finance ministers would be able to agree by the end of the year so-called common positions – pending advisory opinions by the European Parliament – on the prospectus proposals, on a common definition of shareholders' equity for banks, and on plans for a single EC banking licence.

A EC proposal to apply to Eurobonds the planned rules on issue prospectuses for new securities has been strongly opposed by Britain, which fears the move would harm the London Eurobond market. The Bank of England warned last year that the proposal could drive the Eurobond market out of the EC entirely.

The proposals, first tabled in 1981, were not given priority by West Germany and Denmark, recent EC presidents. Mr Roumeliotis said he wanted to lend new impetus to the negotiations and that he intended to put it on the agenda at the next formal meeting of finance ministers in October.

Those opposed to applying the new rules to Eurobonds argue that borrowers on the Eurobond market need maximum flexibility to take advantage of market conditions and that obliging them to publish a prospectus first would greatly restrict their room for manoeuvre.

The EC is proposing that banks from non-EC countries should be given access to the unified community banking market of the future only to the extent that their governments offer reciprocal access to their markets for banks from EC countries.

Britain's concern is that non-EC banks will be prevented from operating in London on the grounds that their governments do not give reciprocal access to banks from, say, France or Italy.

Paris seeks to widen CP appeal

By George Graham in Paris

THE FRENCH Government is trying to open the way for a wider range of small and medium-sized companies to gain direct access to the financial markets by lowering the minimum size required for issues of commercial paper.

The banking rules committee, acting on the demand of Mr Pierre Beregovoy, the Finance Minister, has adopted a new rule lowering the threshold for commercial paper – short-term unsecured debt known in France as "billets de tresorerie" – issues to FFr1m ($161,000) from FFr5m previously.

At the same time, the committee has ended the obligation on commercial paper issuers to obtain a back-up credit, which was designed only to ensure their liquidity when their paper fell due but was widely interpreted by naive investors as a bank guarantee.

However, issuers of between FFr1m and FFr3m will be able to obtain a bank guarantee for their paper, previously forbidden.

The move has been bitterly attacked by the French banking profession, which claims it will destabilise the commercial paper market by increasing the risks of default.

Mr Dominique Chatillon, chairman of the French banks association, said yesterday: "The rule has been elaborated in haste and without consultation.

"We think these small commercial paper lines will be difficult or impossible to trade, thus increasing the risks to investors and making the whole market vulnerable."

A lowering of the threshold to FFr1m has also been rejected by the French corporate treasurers' association, but it falls into line with Mr Beregovoy's desire to reduce borrowing costs for small companies without encouraging the still surging volume of consumer credit.

Mr Beregovoy has said he wants a larger number of companies to benefit from the two quarter-point reductions in the Bank of France's money market intervention rates in the last two months.

Greenspan neutrality adds up to day of small gains

BY DOMINIQUE JACKSON

A FIRMER tone to the dollar on the foreign exchanges lent support to the Eurobond market yesterday and Eurodollar bond prices managed to end the day with small net gains.

There was widespread relief at the neutral tone of the Humphrey Hawkins testimony given by Mr Alan Greenspan, Federal Reserve Board chairman. However, activity was limited with prices in most sectors locked within narrow ranges ahead of tomorrow's US trade figure announcement.

Two Canadian dollar issues emerged, taking advantage of buoyant Continental retail demand for the currency.

Merrill Lynch Capital Markets International was the lead manager on a C$125m deal for Philip Morris Credit Corporation. The deal matures in November 1990, is priced at 101 and carries a 10⅛ per cent coupon. Dealers said it was targeted exclusively at European retail accounts with whom the name of the borrower is a household favourite.

These investors are more usually attracted by coupon levels than by relative yield spreads and the deal was not expected to be affected by adverse developments in the secondary markets. It was bid at a discount of 1.10, within its total fees.

General Motors Acceptance Corporation of Canada came to the sector via Bankers Trust International with a slightly longer five-year C$100m issue at 10⅜ per cent and 101. The lead manager said the deal came at a 51 basis point (hundredths of a percentage point) yield premium over comparable government issues at launch. Both issues received a boost from an upturn in the secondary markets.

However, dealers said GMAC could take some time to place in the wake of a recent seven-year C$125m issue for General Motors which had a poor reception.

The Royal Bank of Canada issued Y8bn of four-year deposit notes via LTCB International. The issue price is 101⅛ and interest will be paid six monthly at a rate linked to the Japanese long-term prime lending rate. The redemption will be linked to the Nikkei stock index.

INTERNATIONAL BONDS

Costain, the UK construction and engineering company, made a Euromarket issue of £49m issue of 15-year convertible preference shares through Morgan Grenfell to finance its purchase of Dow Mac, the concrete company, which is costing £18.85m. The remainder will be used for general corporate purposes.

The issue is being conducted through an overseas financing subsidiary Costain Finance NV (Netherlands Antilles) with the guarantee of the parent. This is the first such issue since the UK tax authorities announced the withdrawal of the double taxation treaty with the Caribbean tax haven, but Morgan Grenfell said the issue would not be affected as it was routed via the Netherlands.

The issue features a put option at par after five years and was attracting reasonable demand despite initial investor misgivings about its structure. The conversion price is 350.1p per share, representing a 13.8 per cent premium and the coupon will be fixed at a level indicated between 7 and 7¼ per cent within a week. As the issue, if fully converted, would mean a dilution of more than 7 per cent of existing share capital, it is subject to shareholder approval.

In West Germany, the details of the latest repurchase agreement were as expected and had little impact. Bond prices finished marginally easier as the dollar firmed.

Dresdner Bank led a DM1bn floating-rate note issue for itself, the first D-Mark floater since last November. The 10-year issue at par pays ⅛ over the three-month London interbank offered rate and features put and call options after five years. Demand for the deal was excellent and it was trading comfortably within its total 25 basis point fees.

However, dealers were puzzled as to why Dresdner would need to raise DM1bn of floating-rate funds and some ventured that the issue could form part of the complex swap package arranged by Credit Suisse First Boston in its $1bn deal for Italy last week.

● The Hong Kong and Shanghai Banking Corporation is raising £150m of subordinated loan capital via a 10-year private placement with a number of international financial institutions, arranged by J.P. Morgan.

Interest will be paid at six-monthly intervals at a margin over Libor. The loan issue is designed to establish a long-term source of sterling funds for the bank and to expand its capital base.

Singapore securities turnover soars

THE AVERAGE daily turnover in the Singapore government securities market soared to S$460m (US$225.4m) in 1987 from S$2.7m in 1986, Reuter reports from Singapore.

The figures on the government bond market, which was reactivated in May 1987, are contained in the annual report from the Monetary Authority of Singapore (MAS).

The report said the higher liquidity provided by primary and registered dealers, who are committed to quote two-way prices, ensured that price spreads were not wider than five cents.

Although the eight dealers and banks had been the main holders of Singapore government securities, retail investors had also shown interest in the market, the report added.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on July 13

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All Nippon Air 9⅛ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
American Brands 8⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A/S Eksportfinans 7¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A/S Eksportfinans 7¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria 10 98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price change... On day [illegible] on week [illegible]						
DEUTSCHE MARK STRAIGHTS						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price change... On day +0 on week [illegible]						
SWISS FRANC STRAIGHTS						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price change... On day [illegible] on week [illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price change... On day [illegible] on week [illegible]						
OTHER STRAIGHTS						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price change... On day [illegible] on week [illegible]						
FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price change... On day -0.02 on week -0.05						
CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: [illegible]

Floating Rate Notes: [illegible]

Convertible Bonds: [illegible]

MAIDEN CONTRIBUTION FROM US OFFSETS POOR CHRISTMAS PERFORMANCE

Static Dixons restricted to £103m

BY MAGGIE URRY

A SHARP fall in profit margins in its UK retailing division kept taxable profits of Dixons Group, electrical retailer, virtually unchanged at £103.1m in the year to April 30. Sales rose by 51 per cent to £1.68bn.

The results had been anticipated in the City and the shares gained 7p to 185p yesterday.

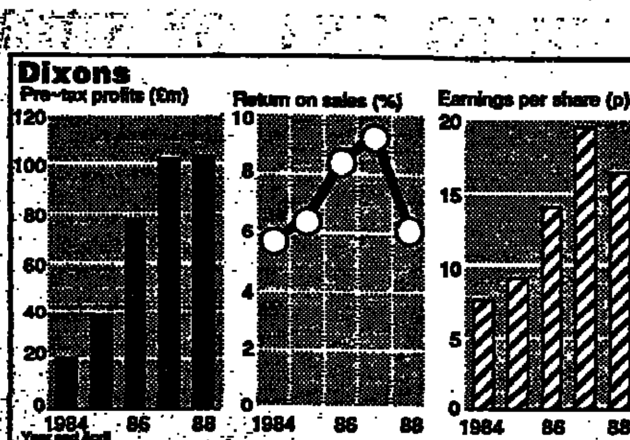
Contrasting to a first half profit rise of 22 per cent to £49.5m, second half profits fell 13.7 per cent to £53.6m. Profits in the UK retail division fell just over 40 per cent in the second half to £31.4m. Profit margins for the division fell from 7.9 per cent to 5 per cent over the year, although sales rose 14.5 per cent to £1.19bn.

Mr Stanley Kalms, chairman, said that in the UK "there are signs of a more positive trend over recent weeks". He refused to comment on bid speculation.

Disappointing figures had been predicted by the company at the time of its interim statement in January, after trading had proved difficult in the critical pre-Christmas period.

Prices for a number of the products the Dixons and Currys chains sell had fallen, Mr Kalms said. However, he believed that price deflation had now ended and that this "gives us a chance to get back the margin".

Referring to Currys, Mr Kalms said "there was a considerable deterioration in profits." Currys, acquired three year ago, had been less able to cope with the reduction in sales because the cost structure was wrong, he explained.



Dixons is now restructuring its UK retail interests to save costs, improve buying and distribution and prevent internal competition between the Dixons and Currys chains. The two chains would overlap less in products and stop competing on price. These measures should be worth several million pounds in future years, Mr Kalms predicted.

In the US, the Silo chain, acquired at the end of the last financial year, had "performed ahead of budget despite a difficult trading environment". Profits from US retail activities amounted to £16.8m on sales of £398.3m.

Mr Kalms believed that Silo's 2 per cent share of the US market could be increased to 10 per cent within five years, giving it sales of $4bn (£2.35bn). He said the costs of expansion were far lower in the US than the UK.

The property development division increased profits by 33 per cent to £15.7m and its financial services operation, including credit cards and extended warranties, lifted profits by 28 per cent to £11.8m.

Earnings per share, hit by the convertible preference shares issued in connection with the Silo acquisition, fell by 16 per cent to 15.4p. A proposed final dividend of 3p makes an increase of 7.5 per cent for the year to 4.3p.

Mr Kalms said the balance sheet was virtually ungeared at the year end, excluding the convertible. Capital expenditure would continue at around £50m a year.

Dutch acquire 5% stake in Nurdin

by Ray Bashford

SHV, a Dutch-based holding company, has acquired a 5 per cent interest in Nurdin and Peacock, the cash and carry wholesaler. Mr Michael Peacock, N&P chairman has been told by SHV that the holding has been bought for "investment purposes only." N&P has 17 per cent of the UK wholesale cash and carry industry which has an annual turnover of £5bn.

CORRECTION

Sinclair Goldsmith

Because of a news agency error, the Financial Times incorrectly reported on Tuesday that Sinclair Goldsmith had paid £30m for Horseferry House, SW1. In fact, the chartered surveyor bought the building on behalf of a private property company.

Perestroika adds competition to Quest's Soviet expansion

BY VANESSA HOULDER

Quest Group, the computer products supplier which makes half its sales to the Soviet Union, yesterday announced a 46 per cent increase in pre-tax profits to £3.38m from a restated £2.30m for the year to February 29. Turnover increased by 11 per cent to £32.1m.

Mr Alfred Stirling, chairman, said that the potential unleashed through perestroika was enormous, although in the short term, the political changes had thrown up certain problems.

There had been an influx of new competitors from Western Europe, which had affected margins. In addition the signing of contracts was being delayed by several months as a result of changes to the officials responsible for negotiations.

However as one of just eight UK companies accredited to do business with the Soviet Union, new areas of opportunity were consistently being offered to the company and those were being selectively addressed within the limits of its resources, he added.

The 1987 figures have been adjusted for the acquisition of Grist Business Services and an exceptional adjustment that distorted the trading figures for the previous year. Without the exceptional adjustment, pre-tax profits increased from £3.08m to £3.38m.

During the year Quest was restructured into two main divisions, Quest UK (Holdings) and Quest International (Holdings).

The acquisition of Grist in February increased the UK proportion of sales from 32.9 per cent to 43 per cent. Its integration led to an extraordinary charge of £161,000 and is likely to affect current first half results. Positive financial benefits would come through in the second half, Mr Stirling said.

The company yesterday also announced the acquisitions of Xtech and Xsoft, two Northampton-based systems suppliers for 600,000 Quest shares.

Quest International has been reorganised and a new project management division set up. A number of large contracts are at an advanced stage of negotiation.

Fully diluted earnings per share increased from 7.33p (including the exceptional adjustment) to 10.39p. A final dividend of 1p makes a total for the year of 1.5p, a 50 per cent increase.

● **comment**

Quest is reaping the rewards of its long and patient wooing of the Soviet Union over the past 18 years. With some major contracts within its grasp, Quest could well – financial resources permitting – triple its turnover in the next couple of years. Ironically, however, the main boost to the company's image in the City has been from the shift away from its reliance on the Soviet contracts through the acquisition of Grist. This year, profits of £4m should be achieved which puts the shares, down 9p to 80p, on an undemanding multiple of 7.5.

Thorn gets go-ahead on Holophane takeover

By George Graham in Paris

The French court of appeal yesterday opened the way for Thorn EMI, the UK electricals group, to proceed with its FFr912.5m (£87m) takeover bid for Holophane, the French industrial glass company, and its lighting subsidiary Europhane.

The court rejected a suit from Emess, a smaller UK lighting company, which had sought to overrule a decision by the Paris stock exchange to register Thorn's bid but not its own competing offer.

Emess had considered making a direct bid for the Europhane subsidiary, France's second largest manufacturer of commercial lighting equipment and 87 per cent owned by Holophane, but last night abandoned the battle, leaving the field clear for Thorn.

"It is not in the interests of Emess shareholders to pay more than Thorn's offer, which represents a multiple of over 20 times earnings, for a lighting business," said Mr Michael Meyer, Emess chairman.

Emess and its bankers, S G Warburg of the UK and Credit Commercial de France, are nevertheless disappointed with the result of the case, which they believe has thrown up anomalies in the French takeover code, as well as the apparent incompatibility of British and French market rules.

Emess believed it was assured of success with a FFr793.5m bid for Holophane, coupled with irrevocable commitments from shareholders representing 57 per cent of the French company's capital, topping Thorn's opening offer of FFr649m, but this offer was never officially registered by the stock exchange because it was conditional on the approval of Emess's own shareholders for a capital increase to fund the bid.

The irrevocable commitments were fiercely attacked by the French stockmarket authorities as contrary to market practice, although yesterday's appeal court judgment avoided this issue, ruling against Emess rather on the grounds that its offer was not valid without shareholders' approval, and therefore came later than Thorn's overbid of FFr912.5m.

Rover motors into profit after decade of losses

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

Rover Group has ended nearly a decade of continuous losses by making a pre-tax profit of £7.1m in the six months to July 2 1988.

It was the group's first interim pre-tax profit since 1979, and compared with a deficit of £39.9m in the first half of last year. Rover has not made a full year pre-tax profit since 1978.

Turnover rose by two per cent to £1.55bn from £1.53bn.

Rover released its results to coincide with the expected announcement in London and Brussels that agreement had finally been reached between the Government, the European Commission and British Aerospace on terms for the group's takeover by BAe.

Last night, however, the deal was still in doubt.

Rover's result was achieved before it received any relief from its heavy debt burden through the planned cash injection by the Government. Profits before taking interest of £21.7m (£29.9m) into account amounted to £28.8m against a loss of £10m last time.

Rover said the main factor behind the recovery was the £17.5m operating profit (£16.4m loss) achieved by the Austin Rover volume car operation. This was supported by a 44 per cent increase to £10.8m in operating profits at Land Rover. The improvement was achieved despite a five-week strike in the spring.

Overall, Rover made a first half operating profit of £19.9m (loss of £13.2m). In addition, holdings in associated companies contributed £8.9m against £3.2m last time. As a result of disposals in the last two years, Rover now holds 40 per cent of DAF, Dutch truck and van maker, 21.7 per cent of UGC (Unipart), 25 per cent of the Istel software company and 20.1 per cent of JRA Holdings in Australia.

Although Rover's total vehicle production in the first six months increased by 14.2 per cent to 281,000 units, volume sales were unchanged at 259,000.

UK car sales (including Range Rover), rose by 5.7 per cent to 166,668 units, but Rover lost market share as total UK new car registrations grew by 10.2 per cent.

At the same time, Rover has been hit by a heavy slide in US sales of its top of the range Sterling executive saloon. Sales of the model, launched in the US in February of last year, fell by 38 per cent to 715 units in June, to total only 4,949 units in the six month period – a 29 per cent decline from the 6,381 units achieved in less than 5 months to the end of June last year.

Rover said export revenues fell by 13 per cent to £460m under the impact of the strong pound in key overseas markets and the significant downturn in the US.

Austin Rover car sales worldwide rose by 4.3 per cent to 235,403 units, with a 5.6 per cent increase in the UK to 163,952 units and a 1.5 per cent increase in exports to 71,451 units.

Sales in continental Europe were virtually unchanged, but the slide in the US was offset by gains in other overseas markets.

See Lex

Acsis gains strength on theatre advertising front

BY DAVID WALLER

Acsis Group, the former jewellery retailer which is in the process of being turned into a marketing services company by Mr Darryl Phillips, the South African entrepreneur, is consolidating its dominant position in the market for selling advertising on theatre-ticket wallets and other media such as hotel key cards.

In its fourth acquisition since Mr Phillips came aboard last summer, Acsis is buying Consolidated Media – a former subsidiary of Norton Opax – for £130,000 cash.

This follows on from the £11.3m purchase in February of Ingleby Group, a marketing company which sells advertising space in hotel, cinema and theatre publications and rents out showcases to local businesses – and the £300,000 purchase of United Media in May.

The latest acquisition gives Acsis exclusive contracts for ticket advertising with a further 160 theatres, taking the total served to over 260. According to Mr Phillips, the plan now is to introduce these outlets to other forms of media advertising, such as seat plan guides.

Profits for Consolidated were not disclosed.

Brierley in £10m NZ disposal

Brierley Investments has disposed of two New Zealand subsidiaries, Ebos Group and Theseus Investments for £10m. The 62.5 per cent stake in Ebos and the 60.5 per cent stake in Theseus have been acquired by interests associated with Mr R Martin, the company's operations executive.

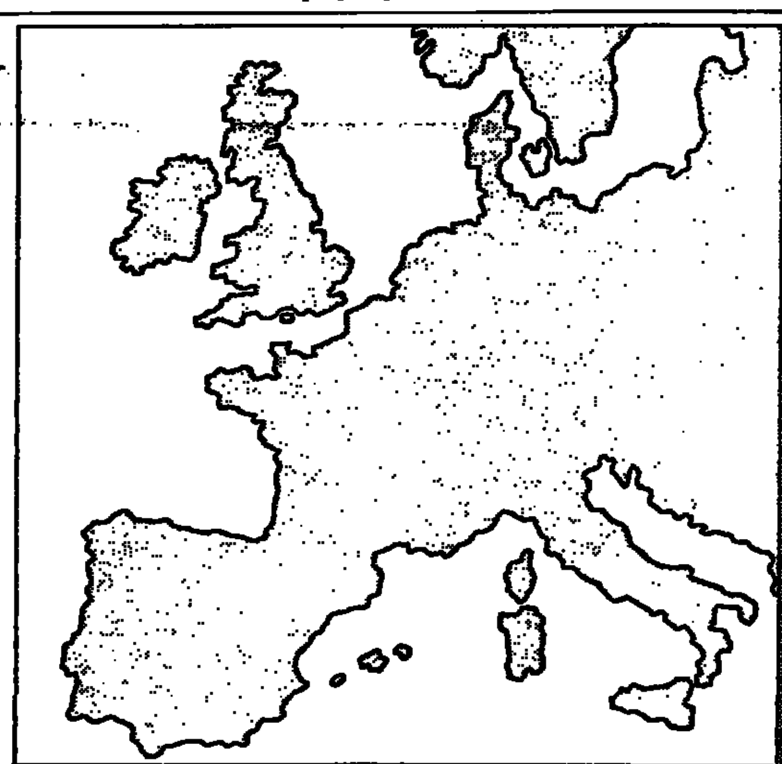
Runciman offer is extended

Telfos Holdings, engineering group, extended its £27.4m takeover bid for Walter Runciman until July 27 after receiving acceptances for only 0.44 per cent of the shares in the shipping, security products and insurance company. Telfos owned 24.5 per cent of Runciman shares before launching the offer.

Biotechnology

Biotechnology Investments, Guernsey-based investment holding company, returned profits of US$867,393 (£511,736) pre-tax for the year to end-May compared with a loss of $861,348 last time.

Earnings were the same at 1.3 cents and the dividend a same-again 1 cent gross per 2 cents share. Net asset value worked through at 2.09 (2.34) cents per share.



Leadership in M&A

Record Performance

- Leader in announced merger and acquisition transactions in 1988, according to IDD Information Services.
- Advised on 5 of the 7 largest transactions thus far in 1988.
- Transactions ranging from a $13 million divestiture to a $6.6 billion acquisition.

Acquiring Company	Acquired, Selling or Target Company	Assignment or Form of Transaction	Approximate Size of Transaction
Campeau Corporation	Federated Department Stores, Inc.	Cash Tender Offer	$6,600,000,000
Banco Español Central de Crédito, S.A.	**Banco Central, S.A.** and Banco Español de Crédito, S.A.	Merger of Equals (Pending)	5,000,000,000
Batus Inc.	**Farmers Group, Inc.**	Financial Advisory (Pending)	4,400,000,000
American Home Products Corporation	A. H. Robins Company, Incorporated	Advisor to the **Claimants Committee** (Pending)	3,300,000,000
Banco Bilbao Vizcaya, S.A.	**Banco de Vizcaya, S.A.** and Banco de Bilbao, S.A.	Merger of Equals (Pending)	3,250,000,000
UAL Corporation	UAL Corporation	Self Tender Offer for 35.5 million shares of Common Stock	2,840,000,000
Kelso & Company	American Standard Inc.	Cash Tender Offer (Pending)	2,500,000,000
Kohlberg Kravis Roberts & Co.	Jim Walter Corporation	Cash Tender Offer	2,440,000,000
Macmillan, Inc.	**Macmillan, Inc.**	Recapitalization/Spin-off (Pending)	2,000,000,000
PacifiCorp	Utah Power & Light Company	Merger for Common Stock (Pending)	1,900,000,000
Mesa Limited Partnership	**Homestake Mining Company**	Takeover Defense (Offer Withdrawn)	1,800,000,000
BNS Inc.	**Koppers Company, Inc.**	Cash Tender Offer (Pending)	1,741,000,000
Comcast Corporation and **Tele-Communications, Inc.**	SCI Holdings, Inc.	Merger for Cash (Pending)	1,550,000,000
Tate & Lyle PLC	**Staley Continental, Inc.**	Cash Tender Offer	1,534,000,000
The Robert M. Bass Group and Aoki Corporation	**UAL Corporation**	Divestiture of Westin Hotels & Resorts	1,530,000,000
The May Department Stores Company	**Campeau Corporation**	Divestiture of the Foley's and Filene's Divisions of Federated Department Stores, Inc.	1,400,000,000
Nestlé S.A.	**CIR S.p.A.**	Divestiture of Buitoni Group Operations (Pending)	1,315,000,000
PA Holdings Corporation	**IC Industries, Inc.**	Divestiture of Pneumo Abex Corporation and Certain Other Subsidiaries (Pending)	1,300,000,000
Prudential-Bache Interfunding, Inc.	**Seven-Up Holding Company** and Dr Pepper Holding Company	Merger of Seven-Up and Dr Pepper/Sale of Partial Interest in Combined Operations	1,300,000,000
Corona Corporation, a new corporation	**Royex Gold Mining Corporation,** International Corona Resources Ltd., Lacana Mining Corporation, Mascot Gold Mines Limited, and Galveston Resources Ltd.	Merger for Common Stock (Pending)	1,250,000,000
R. H. Macy & Co., Inc.	**Campeau Corporation**	Divestiture of the I. Magnin and Bullock's/Bullocks Wilshire Divisions of Federated Department Stores, Inc.	1,100,000,000
Sulzer Bros. Inc.	Intermedics, Inc.	Cash Tender Offer (Pending)	800,000,000
National Westminster Bank USA	First Jersey National Corporation	Merger for Cash	761,000,000
Marks & Spencer p.l.c.	**Campeau Corporation**	Divestiture of the Brooks Brothers Division of Allied Stores Corporation	750,000,000
New Zealand Forest Products Limited	Elders Resources Limited	Merger for Common Stock and Cash	703,000,000
NEOAX, INC.	**IU International Corporation**	Cash Tender Offer	699,000,000
American General Corporation	Manufacturers Hanover Corporation	Acquisition of Manufacturers Hanover Consumer Services Inc.	685,000,000
Colt Holdings Inc.	**Colt Industries Inc**	Cash Tender Offer	660,000,000
Total Minatome Corporation, a subsidiary of Total Compagnie Francaise des Petroles	**CSX Corporation**	Divestiture of CSX Oil & Gas Corporation	612,000,000
Coca-Cola Enterprises Inc.	The Coca-Cola Company	Acquisition of Miami and Memphis Bottling Operations	500,000,000
Alitalia, British Airways, KLM Royal Dutch Airlines, Swissair and USAir, Inc.	**UAL Corporation**	Sale of 49.9% Interest in the Covia Partnership (Pending)	500,000,000
McKesson Corporation	Alco Health Services Corporation	Cash Tender Offer/Advised **Alco Standard Corporation** with Regard to its 49% Interest (Pending)	500,000,000
Hachette S.A.	**Grolier Incorporated**	Cash Tender Offer	470,000,000
Ford Aerospace Corporation, a subsidiary of Ford Motor Company	**BDM International, Inc.**	Cash Tender Offer (Pending)	451,000,000
Electronic Data Systems Corporation, a subsidiary of **General Motors Corporation**	MTech Corp	Merger for Cash and Securities	446,000,000
The Royal Bank of Scotland Group plc	**Citizens Financial Group, Inc.**	Merger for Cash (Pending)	440,000,000
Coles Myer Limited	Progressive Enterprises Limited	Merger for Cash	416,000,000
SmithKline Beckman Corporation	**International Clinical Laboratories, Inc.**	Cash Tender Offer	400,000,000
BASF Aktiengesellschaft	Polysar Energy & Chemical Corporation	Acquisition of Latex Division of Polysar Limited (Pending)	383,000,000
IBC Holdings Corp., A New Corporation Organized by First Boston, Inc., George K. Baum Group, Inc. and Management	Interstate Bakeries Corporation	Cash Tender Offer/Leveraged Buyout with First Boston, First Boston Mezzanine Investment Partnership, George K. Baum and Management as Investors	367,000,000
AMAX Inc.	Chevron Corporation	Repurchase of 15.2 million shares of Common Stock	349,000,000
TVX Broadcast Group Inc.	**TVX Broadcast Group Inc.**	Recapitalization (Pending)	345,000,000
Pacific Enterprises	**Sabine Corporation**	Cash Tender Offer	339,000,000
Cooper Industries, Inc.	**RTE Corporation**	Cash Tender Offer (Pending)	330,000,000
Sequa Corporation	**Atlantic Research Corporation**	Cash Tender Offer	321,000,000
Kelso & Company	Arkansas Best Corporation	Cash Tender Offer (Pending)	316,000,000
Repsol Exploración S.A.	**Occidental Petroleum Corporation**	Sale of 25% Stock Interest in Repsol Occidental Corporation	272,000,000
The Home Group, Inc.	**Carteret Bancorp Inc.**	Merger for Cash (Pending)	270,000,000
Affiliated Publications, Inc.	McCaw Cellular Communications Inc.	Acquisition of Additional 8% Interest in Exchange for Interest in Cellular Joint Venture	264,000,000

Note: First Boston clients appear in bold print.

Acquiring Company	Acquired, Selling or Target Company	Assignment or Form of Transaction	Approximate Size of Transaction
B-E Holdings Inc.	**Becor Western Inc.**	Merger for Cash and Debentures	$256,000,000
Wisconsin Electric Power Company	**Cleveland-Cliffs Inc**	Divestiture of 93% Interest in Presque Isle Power Plant and Related Facilities	248,000,000
SnyderGeneral Corporation	Allis-Chalmers Corporation	Acquisition of American Air Filter (Pending)	245,000,000
Foodmaker, Inc.	**Chi-Chi's, Inc.**	Cash Tender Offer	230,000,000
Transohio Savings Bank	AmeriFirst Bank, a Federal Savings Bank	Merger for Cash (Pending)	230,000,000
NW Acquisition Corporation	**Northwestern Steel and Wire Company**	Merger for Cash and Notes (Pending)	188,000,000
Cleveland-Cliffs Inc	Cleveland-Cliffs Inc	Self Tender Offer for 5.1 million shares of Common Stock and 2.5 million shares of Preferred Stock	176,000,000
Meridian Bancorp, Inc.	**Delaware Trust Company**	Merger for Common Stock	160,000,000
Barry Wright Corporation	**Barry Wright Corporation**	Restructuring (Pending)	151,000,000
Reliance Capital Group, L.P.	**Days Inns Corp.**	Merger for Cash	149,000,000
FLX Acquisition Company, a new corporation formed by David H. Murdock	**Flexi-Van Corporation**	Cash Tender Offer	144,000,000
Emhart Corporation	**Advanced Technology Inc.**	Merger for Cash	140,000,000
First Bank System, Inc.	**Central Bancorporation, Inc.**	Merger for Cash (Pending)	135,000,000
Adams Communications Corporation	Wesray Capital Corporation	Acquisition of Forward Communications Corporation	127,000,000
FB Holding Corp., a New Corporation Organized by First Boston, Inc. and Management	Pueblo International Inc.	Leveraged Buyout with First Boston, First Boston Mezzanine Investment Partnership and Management as Investors	125,000,000
The Sterling Group, Inc. Investor Group	**Brown-Forman Corporation**	Divestiture of ArtCarved	120,000,000
Wesray Capital Corporation	The William Carter Company	Cash Tender Offer (Pending)	116,000,000
Onset Corporation	**Decision Industries Corporation**	Cash Tender Offer	111,000,000
Miles Acquisition Corp., a subsidiary of Homes Investment Group	**Insilco Corporation**	Divestiture of Miles Homes Division (Pending)	100,000,000
Westinghouse Electric Corporation	**Gould Inc.**	Divestiture of Ocean Systems Division—Cleveland Operation	100,000,000
King World Productions, Inc.	Certain Shareholders including members of the King Family	Repurchase of approximately 3.5 million shares of Common Stock	97,000,000
BAA P.L.C.	**Ramada Inc.**	Formation of Joint Venture to Hold the Assets of the International Division (Pending)	91,000,000
Kinburn Technology Corporation	SHL Systemhouse Inc.	Cash Tender Offer for Majority Interest	90,000,000
The Plessey Company plc	**Leigh Instruments Limited**	Cash Tender Offer	84,000,000
Control Data Corporation	**Time Incorporated**	Divestiture of SAMI/Burke Inc.	80,000,000
Financial Protection Services, Inc.	CCC Information Services Inc.	Cash Tender Offer	79,000,000
AMR Corporation	**Simmons Airlines, Inc.**	Cash Tender Offer (Pending)	78,000,000
Millis Holdings, Inc.	**Adams-Millis Corporation**	Merger for Cash (Pending)	78,000,000
Allegiance Capital Partners	**American Bankers Insurance Group, Inc.**	Divestiture of Financial Insurance Group Limited (Pending)	74,000,000
English China Clays P.L.C.	**Cyprus Minerals Company**	Divestiture of Certain Assets of Cyprus Mines Corporation	74,000,000
English China Clays P.L.C.	J.L. Shiely Inc.	Merger for Cash	73,000,000
International Salt Company, a subsidiary of Akzo America Inc.	**Diamond Crystal Salt Company**	Divestiture of Salt Division	65,000,000
Morris Newspaper Corporation	**United Broadcasting Corporation**	Divestiture of KARK-TV, Little Rock, AR	62,000,000
S. H. Holdings Incorporated, a New Corporation Organized by First Boston, Inc. and Seymour Holtzman	Jewelcor Incorporated	Cash Tender Offer/Leveraged Buyout with First Boston, First Boston Mezzanine Investment Partnership and Seymour Holtzman as Investors (Pending)	62,000,000
Metropolitan Life Insurance Company	Texas Life Insurance Company	Merger for Cash and Notes (Pending)	60,000,000
Kinburn Industrial Corporation	Paperboard Industries Corporation	Cash Tender Offer for Remaining 48.2% Interest	54,000,000
PepsiCo, Inc.	Calny, Inc.	Merger for Cash	53,000,000
Western Digital Corporation	Tandon Corporation	Acquisition of Certain Disk Drive Assets	49,000,000
Wright Acquisition Corp.	**Barry Wright Corporation**	Divestiture of Wright Line, Inc. (Pending)	44,000,000
Cliffs Drilling Company	**Cleveland-Cliffs Inc**	Spin-off to Shareholders of Oil and Gas Contract Drilling Unit	42,000,000
Fiserv, Inc.	**GLENFED, Inc.**	Divestiture of GESCO Corporation	41,000,000
Citizens Financial Group, Inc.	Fairhaven Savings Bank	Merger for Cash	39,000,000
Agfa-Gevaert, Inc.	Compugraphic Corporation	Acquisition of Remaining 16% Interest	37,000,000
Imes Broadcasting Group	**United Broadcasting Corporation**	Divestiture of KDBC-TV, El Paso, TX (Pending)	33,000,000
Knutson Mortgage Corporation, a Home Owners Company	**Meritor Financial Group**	Divestiture of Meritor Mortgage Corporation-Central	25,000,000
S. H. Holdings Incorporated	Gruen Marketing Corporation	Acquisition of Remaining 23% Interest (Pending)	22,000,000
Alliant Computer Systems Corporation	Raster Technologies, Inc.	Merger for Common Stock	17,000,000
Benedek Broadcasting Corporation	**United Broadcasting Corporation**	Divestiture of WTOK-TV, Meridian, MS (Pending)	13,000,000
Amerada Hess Corporation	**Pegasus Holding Corp.**	Divestiture of Certain Oil & Gas Properties	Undisclosed
FBA Corp.	**Campeau Corporation**	Divestiture of Filene's Basement, Inc. (Pending)	Undisclosed
FlightSafety International, Inc.	**UAL Corporation**	Divestiture of United Airlines Services Corporation (Pending)	Undisclosed
Genesis Broadcasting Corporation, a subsidiary of **Booth American Company**	Duffy Broadcasting Corporation	Acquisition of KBTS-FM, KRZN-AM/KMJI-FM, KSMJ-AM/KSFM-FM, KONO-AM/KITY-FM	Undisclosed
Gist-brocades nv	Anheuser-Busch Companies, Inc.	Acquisition of Busch Industrial Products Corporation	Undisclosed
Graham Royalty, Ltd.	**Pegasus Holding Corp.**	Divestiture of Certain Oil & Gas Properties	Undisclosed
Heritage Display Holding Corporation	**Heritage Communications, Inc.**	Divestiture of Heritage Display Group	Undisclosed
H. J. Heinz Co.	**Bumble Bee Seafoods, Inc.**	Merger for Cash (Pending)	Undisclosed
IBC Holdings Corp.	American Bakeries Company	Acquisition of Merita/Cotton's Subsidiaries	Undisclosed
Jordan Industries, Inc.	**Heritage Communications, Inc.**	Divestiture of Shaw-Barton, Inc.	Undisclosed
ManTech International Corporation	Northrop Corporation	Acquisition of Northrop Services, Inc. (Pending)	Undisclosed
National Freight Consortium p.l.c.	**Allied Van Lines, Inc.**	Merger for Cash	Undisclosed
Penco Enterprises	**Foseco Minsep Inc.**	Divestiture of The Gibson-Homans Company	Undisclosed
Precision Standard Inc.	Hayes Holdings I Inc.	Acquisition of Hayes International Corp. (Pending)	Undisclosed
Raebarn Corporation	**Pitney Bowes Inc.**	Divestiture of Data Documents, Inc.	Undisclosed
Shell Oil Company	**Pegasus Holding Corp.**	Divestiture of California Oil & Gas Properties	Undisclosed
The Sheridan Press, Inc.	**Heritage Communications, Inc.**	Divestiture of Braun-Brumfield, Inc.	Undisclosed
Sterling Industries Inc.	**Dresser Industries, Inc.**	Divestiture of Bay State Abrasives and General Abrasive (Pending)	Undisclosed
Universal Resources Corporation	**Pegasus Holding Corp.**	Divestiture of West Texas Oil & Gas Properties	Undisclosed
J.H. Whitney & Co.	**Home Curtain Corp.**	Merger for Cash	Undisclosed
Wilfree Property Inc.	**Campeau Corporation**	Divestiture of the Dey Brothers, Inc. subsidiary of Allied Stores Corporation	Undisclosed

Note: First Boston clients appear in bold print.
Certain undisclosed transactions have been omitted.

The First Boston Corporation

Credit Suisse First Boston Limited

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY-Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

OUTPUT-By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

EXTERNAL TRADE-Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

FINANCIAL-Money supply M0, M1 and M3 (three months' growth at annual rate); bank sterling lending to private sector; building societies' net inflow; consumer credit; all seasonally adjusted. Clearing Bank base rate (end period).

INFLATION-Indices of earnings (Jan 1980=100); basic materials and fuels; wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100)

*Not seasonally adjusted.

Norcros selling Dow Mac to Costain for £18.85m

BY CLARE PEARSON

Norcros, industrial holding company, is pressing ahead with plans to dispose of non-core businesses with the sale of Dow Mac, a concrete products concern, and Bulk Carriers, Canadian liquid road transport business, for a total of £23.5m.

The sales follow the £7.5m disposal of three Ford dealerships announced last week. They leave Norcros with two further businesses to get rid of before it will have pared its business down to five divisions: printing and packaging, builders merchants, ceramics, building products and property.

Costain, construction and engineering company, is buying Dow Mac for £18.85m. The consideration is to be financed with part of the proceeds of a £48m issue of convertible preference shares in the Euromarket, launched yesterday.

Costain, which has recently expanded its concrete manufacturing activities in the US, said the purchase of Dow Mac should add about £25m to the annual turnover of this branch of its activities, bringing it to about £60m.

Provost Corporation of Quebec, a trucking company, is to pay C$9.6m (£4.7m) for Bulk Carriers, conditional on the transfer of a number of operating licences.

Dow Mac estimates it will make a pre-tax profit of at least £2.4m in the current financial year, which compares with an operating profit of £1m in the year to March 31. At the end of that period, it had net assets of £17.39m, which included a property revaluation surplus of £7.5m.

In the same period, Bulk Carriers achieved turnover of C$20.3m and made an operating profit of C$1.1m.

Costain's redeemable convertible preference shares are issued subject to shareholder approval being obtained next month. This is because, if fully converted, it would dilute the existing share capital by between 7 and 8 per cent – more than the 5 per cent dilution already approved. Trafalgar House has about a 6 per cent stake in the company.

The conversion price per share is 350.1p. The coupon will be fixed before next Wednesday at a level between 7 and 7¼ per cent, and the final maturity date is 2003.

The remaining businesses Norcros is seeking to sell are Butterley Engineering, a heavy engineering concern, and its share of DRSM Group, a steel rolling mill in which British Steel has a 50 per cent interest. Ford dealer USM Motors was bought by Evans Halshaw, a Birmingham motor distributor.

Union Discount lower in first half

Union Discount Company of London, the banking and discount house in which New Zealand entrepreneur Sir Ron Brierley has a stake, announced yesterday that profits for the first six months of 1988 were significantly lower than for the corresponding period last year.

The directors said that in the volatile conditions extreme and often unpredictable swings had made markets difficult to interpret.

Union Discount's strategy of expanding into related areas was continuing. The company had increased its stake in Glasgow-based market maker Aitken Campbell to 84 per cent and its leasing and asset finance division had acquired Herald Financial Services and Sabre Leasing.

Union Discount Invoice Financing had started operations and a new company, Winterflood Securities, had been established and would begin trading as an equity market maker early in August, specialising in smaller company stocks – mainly those traded on the USM and Third Market.

The directors declared an interim dividend of 11.33p (11.23p adjusted) per £1 stock unit.

See Lex

Dobson selling US spare parts division for $5.8m

BY CLAY HARRIS

Dobson Park Industries, diversified mining equipment manufacturer, is to sell a loss-making US spare parts subsidiary for $5.77m (£3.4m). Dobson will take a $4.9m extraordinary loss as the result of the disposal.

The sale of Marathon, based in Charleston, West Virginia, follows Dobson's £12.5m purchase last month of the mining equipment division of a UK rival, MS International.

The MSI acquisition brought a manufacturing facility for long-wall conveyors in Abingdon, Virginia. As a result, the Marathon plant was no longer necessary, Mr Alan Kaye, chief executive, said yesterday.

Dobson bought Marathon for $4.5m in 1981 to establish a US manufacturing site for its hydraulic roof supports. However, the strong dollar over much of the intervening period meant that this plan was never implemented, Mr Kaye said.

UK-made equipment has continued to be distributed through Pittsburgh-based Gullick Dobson. At present, Dobson does not plan to shift any new production into the Abingdon plant.

Marathon itself makes spare parts for equipment used in room-and-pillar mining, the predominant method used in the Appalachians but one which is rapidly losing favour to long-wall and open-cast mining.

As a result, Marathon has been in the red since 1985, reporting a $1m trading loss for the year to October 3.

The company is being sold to a management-led buy-out. Dobson will continue to use Marathon's regional distribution network for at least two years. It will retain an unspecified amount of accumulated tax losses.

Cattle's in deal with Rexmore

BY RAY BASHFORD

Cattle's, consumer credit financier, insurance broker and curtain retailer and Rexmore, the Liverpool-based fabrics supplier and distributor, are to merge their soft furnishing retail outlets.

The merger of Cattle's Roseby's shops and Rexmore's Waldmans and Shopper Direct shops will create a chain of 125 shops across a broad slice of England and Wales.

The combined operation will be acquired by a new company which will be 80 per cent owned by Cattle's and 20 per cent owned by Rexmore. It was planned to float the new division on the Stock Exchange within "the next couple of years", directors said.

Mr A R Muir, Cattle's joint managing director, said the deal grew out of informal discussions between the chairmen of the companies three months ago. He added that terms would be announced within a month.

Mr Muir said that the injection of the company's 100 shops into the merged group would provide economies of scale and broaden its geographic spread.

Roseby's is strong in the Midlands and south east of England and has 40 shops in the London area while Waldmans covers north west England and Shopper Direct, acquired by Rexmore last year, is based in south Wales.

Shoppers Direct will be phased out after the merger but the other two shops will remain as High Street names.

Launch costs keep Barr profits level at £2.4m

BY LISA WOOD

A G Barr, the UK's third largest producer of fizzy drinks, returned profits of £2.36m pre-tax for the half year to April 30 1988 compared with £2.37m in the comparable period of the 1986-87 year.

The slight setback was not unexpected as the interim profits bore the initial costs of a new canning line plus the expenses of completing a switch to pre-order selling to smaller retail customers.

In February Barr, which takes in the Tizer and Irn Bru brand names, bought Mandora St Clements from Mansfield Brewery for £21.5m in cash. The acquisition resulted in interest charges of £141,000 this time compared with interest income in the same period last year of £420,000. However, Mandora's trading profits for the 12 weeks to April 30 exceeded the interest costs of the borrowings relative to its purchase. Barr said the final costs of the integration of Mandora would be incurred during the second half of the year.

Group turnover for the half year at £29.48m was substantially ahead of last time's £19.46m and trading profits showed an improvement of £540,000 at £2.48m. Earnings totalled 25.18p (25.2p). The interim dividend is unchanged at 3.25p.

Thorntons pays £2m for Belgian confectioner

by Clay Harris

Thorntons, chocolate manufacturer and retailer, is to pay £2m for Gartner Pralines, Belgian confectioner. The acquisition is Thorntons' first deal since it came to market through an offer for sale in May and its first move into continental Europe.

Gartner, based in Antwerp, specialises in high-quality chocolate and fresh cream products mainly sold through patisseries.

BET plant hire buy

BY DAVID COHEN

Ransomes expands in Europe

BY DAVID COHEN

Cadbury Schweppes

Fleming Overseas

Moorgate Investment

M&G Dual

Broadwell allocations

BY CLARE PEARSON

THE ALLOCATION of shares in Broadwell Land, the London property developer in which dealings are due to start on the Unlisted Securities Market today gives preference to investors who backed the company under a Business Expansion Scheme three years ago.

Ashley Trust stake sold

BY CLAY HARRIS

CFS capital enlarged

BY CLARE PEARSON

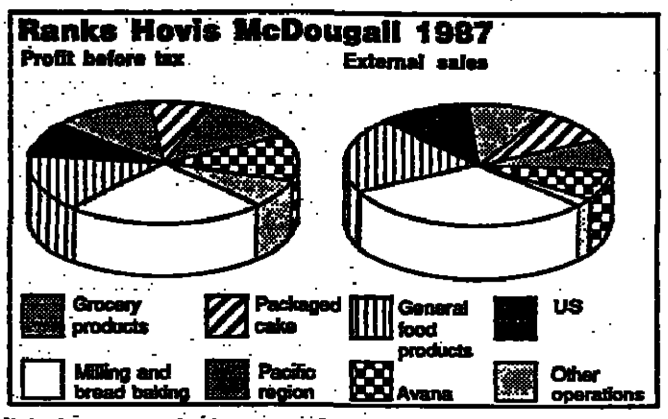
COMPANY NEWS IN BRIEF

Nikki Tait reports on a two-year-long takeover battle

Goodman shows its hand to RHM

ALMOST two years of shadow-boxing ended yesterday as Goodman Fielder Wattie, the Australasian group, finally unveiled its intentions towards British bakeries and food group, Ranks Hovis McDougall.

Speculation over GFW's next move has been rife for months. It was early-April when a self-imposed bid restriction – the Australasian company said in October, when buying its last slug of shares, that it would not bid for six months – ran out. Since then the shares have risen sharply, by some 100p to over 400p. This week alone, they had gained a further 17p to 446p ahead of the announcement.



Yesterday, matters crystallised. Goodman announced that it was considering a bid at around the current share price level of 445p. By all accounts within the Goodman camp, the recent run in the share price jumped the company into a slightly premature announcement. But given carrying costs on Goodman's 29.4 per cent holding and money tied up in the stake, there was little doubt in the market that the company would have to move soon.

The RHM stake has been built up in three major chunks. Goodman first acquired an interest – 14.9 per cent – in Ranks when it bought S & W Berisford's stake back in 1986. It then maintained the holding throughout RHM's potentially dilutive bid for Welsh food group Avana last year, took it to 21 per cent in August, and swept up to the current level in the wake of Black Monday. Its average buying price has been just under 310p.

Assuming a bid does emerge at the 445p level, a price-tag of about £1.5bn would be put on Ranks. Yesterday, Goodman and its UK advisers – S G Warburg and Samuel Montagu – were reluctant to discuss financing details of any bid, but the general assumption is that some £1bn of funding is being arranged.

With that in mind, a good deal of attention will focus on how the bid sums pan out. Goodman has been a fast-growing but acquisitive creature of late – a policy which has built it into Australasia's biggest food group and the country's 12th largest company by market capitalisation.

Building that company has been Mr Pat Goodman, a New Zealander and a fifth generation baker. Starting out from a bakery in Motueka, he now runs a company whose products span consumer foods, flour, starch, bakeries, gelatine, meat processing and frozen food. On the way, there have been some sizable mergers. Goodman Fielder Wattie resulted from the merger of the Goodman Group with Allied Mills of Australia in 1986, and then with Wattie, New Zealand's largest food company, last November.

According to brokers, annual sales at GFW are now running at around A$3bn a year. On a pro-forma basis, the company says pre-tax profits in the year to end-June 1987 of the merged Goodman Fielder Wattie companies were A$244m.

The debt position, by UK standards, looks less happy. Firm information is obviously outdated, but by the year-end, most brokers calculate that gearing would not be far adrift from the 100 per cent level. Without knowing the shape of the financing package, it is impossible to calculate a pro forma figure should a bid take place, but analysts seem to feel that a successful offer would leave the level at several times that.

That said, Goodman was making clear yesterday that (if it did bid) it would not be planning a break-up. The financing, say its advisers firmly, would not require any asset sales.

RHM certainly operates in many of the same fields – albeit a world apart. Having acquired Welsh food group Avana a year ago for £281m, the company's products range from preserves and meat pies to Mr Kipling cakes. The largest division remains bakeries and milling, with the Hovis and Mother's Pride brand names. Sales in 1986/7 – ahead of a full Avana contribution - were £1.5bn.

Whether a price of 445p a share would stand any chance of securing RHM was a moot point yesterday. The British company will, in its current year to September, have the benefit of the first full contribution from Avana. In the first half, the pre-tax figure rose by 26 per cent to £72.5m, and estimates range up to £150m for the full year. Some analysts suspect that, given recent bid levels in the food industry, a successful bid would need to be pitched at 17 to 18 times prospective earnings – which suggests a price in excess of 500p. "At 445p, it would not be that juicy a takeout," commented one analyst.

Yesterday, RHM itself was sitting tight and saying little. Its opposition to Goodman has been consistent over the past two years – and it has at least had ample time to marshall its defences. It seems that whatever happens now, it will need them.

Clayform claims 'associates' backing

Clayform, the property group enmeshed in a £108m cash bid for Stead & Simpson, yesterday claimed that it had bought Stead shares from "associates" of the besieged company.

Clayform said that the purchases – via brokers acting for Stead – suggested a weakening of shareholder support for Stead's continued independence ahead of the final closing date of the bid on Saturday.

The predator unveiled details of 13 dealings handled by two firms of Leicestershire stockbrokers, Wilshere Baldwin and Hill Osborne & Co, the first of which is joint broker to Stead. The shares formed part of the 4.7 per cent of Stead's ordinary shares which it has bought "over the last few days".

Leicester-based Stead said that the dealings were made by the local brokers on behalf of their non-discretionary clients.

Dwek set for return to private sector

By Andrew Hill

Dwek Group is expected to today announce a management buy-out which will value the leisurewear and furniture manufacturer at over £23m and take the company private.

The shares were suspended yesterday morning at 131p and Dwek said news of a buy out at a premium to the suspension price would be announced later.

It is understood some of Dwek's directors have become frustrated recently with what they consider to be the shares' low market rating and have decided the group's acquisition policy can be better pursued as a private company.

Six of Dwek's eight directors hold just over 47 per cent of the company's shares. This includes 31 per cent held by the Dwek brothers: Maurice, chairman and chief executive, and Leon and Elie, joint managing directors.

In the last three years an aggressive acquisition and disposal programme has more than doubled Dwek's size, transforming it from a sluggish family firm to a profitable manufacturer and distributor of consumer products, ranging from tracksuits to flatpack furniture for MFI.

From a low of 12p, the share price increased more than tenfold between 1985 and 1987, but has remained steady at about 100p since the October crash.

In February, Dwek bought Balanced Bobbins, privately-owned furniture manufacturer, for £2.4m, and last month announced pre-tax profits 37 per cent higher at £4.06m for the year to March 31.

Rush & Tompkins shares rise as profits hit £6m

BY CLARE PEARSON

SHARES in Rush & Tompkins Group, property developer and contractor, jumped 15p to 280p yesterday after the company announced pre-tax profits 30 per cent higher at £6.12m for the year to end-March.

Mr Nigel Dunnett, managing director, said the policy of concentrating work effort as a contractor-developer – initiated about eighteen months ago when most of the property portfolio was sold – had been successfully implemented.

The gross end value of development projects the group is involved in has risen to about £350m compared with £200m at the same point last year.

The proposed final dividend is increased by 20 per cent to 9.3p, making 12.55p (10.55p) for the year.

Turnover fell slightly to £216.64m (£217.49m). Tax took £1.78m (£2.04m). Basic earnings per share came out 60 per cent higher at 28.8p (17.9p). The fully diluted figure, to take into account an outstanding £8m convertible issue, was not given.

Mr Dunnett said rationalisation and sale of its overseas contracting and civil engineering business continued on schedule. There was no extraordinary item this time, after a £5.64m provision in the previous year against overseas claims.

Borrowings increased by about £8m to £27.6m as a result of new acquisitions in joint venture developments. Gearing stood at about 75 per cent at the year-end.

Since March, the company has sold Marlowe House, an office block in Sidcup which housed its headquarters. The sale will give rise to an extraordinary profit in the current year's results.

Overseas Strategic Investments, an Australian investor, holds about 12 per cent of the shares.

● comment

For a company that professes its affairs are going so well, Rush & Tompkins is peculiarly coy about explaining exactly what it is doing. For instance, though it still does plenty of contracting work outside the development projects it is involved in, it omits to break turnover and profits down by activity. When pressed, Mr Dunnett admits that about £500,000 of last year's pre-tax profit figure came from sales of property held as fixed assets; in the previous year, around £2m of arguably exceptional profits were hidden away in this manner. Nevertheless, the shares, yielding about 6 per cent at the moment, are attractive on a fully-diluted prospective p/e of about 9. This is assuming the company achieves pre-tax profits of around £7.75m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Barr (AG) ....int	3.25	-	3.25	-	13
Biotechnology ......fin	1‡	-	1	1	1
Dixons ....fin	3	Oct.3	2.8	4.3	4
Fleming O'seas ......fin	1.7	-	1.25	2.7	2.25
M&G Dual ....int	20.2☆	-	17.55	-	37.8
Moorgate Inv Tst ...fin	4.6	-	3.83*	6.5	5.5*
Quest ....fin	1†	Oct 1	0.91*	1.5	0.91*
Rush & Tompkins .fin	9.3	Oct 10	7.8	12.55	10.55
Scottish & Merc .....fin	3.2	-	3.6	4.6	5
Union Discount .....int	11.5	Sept 1	11.33*	-	28.67*

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ☆Per 10p income share. ‡Gross and US cents.

Blue Arrow purchase

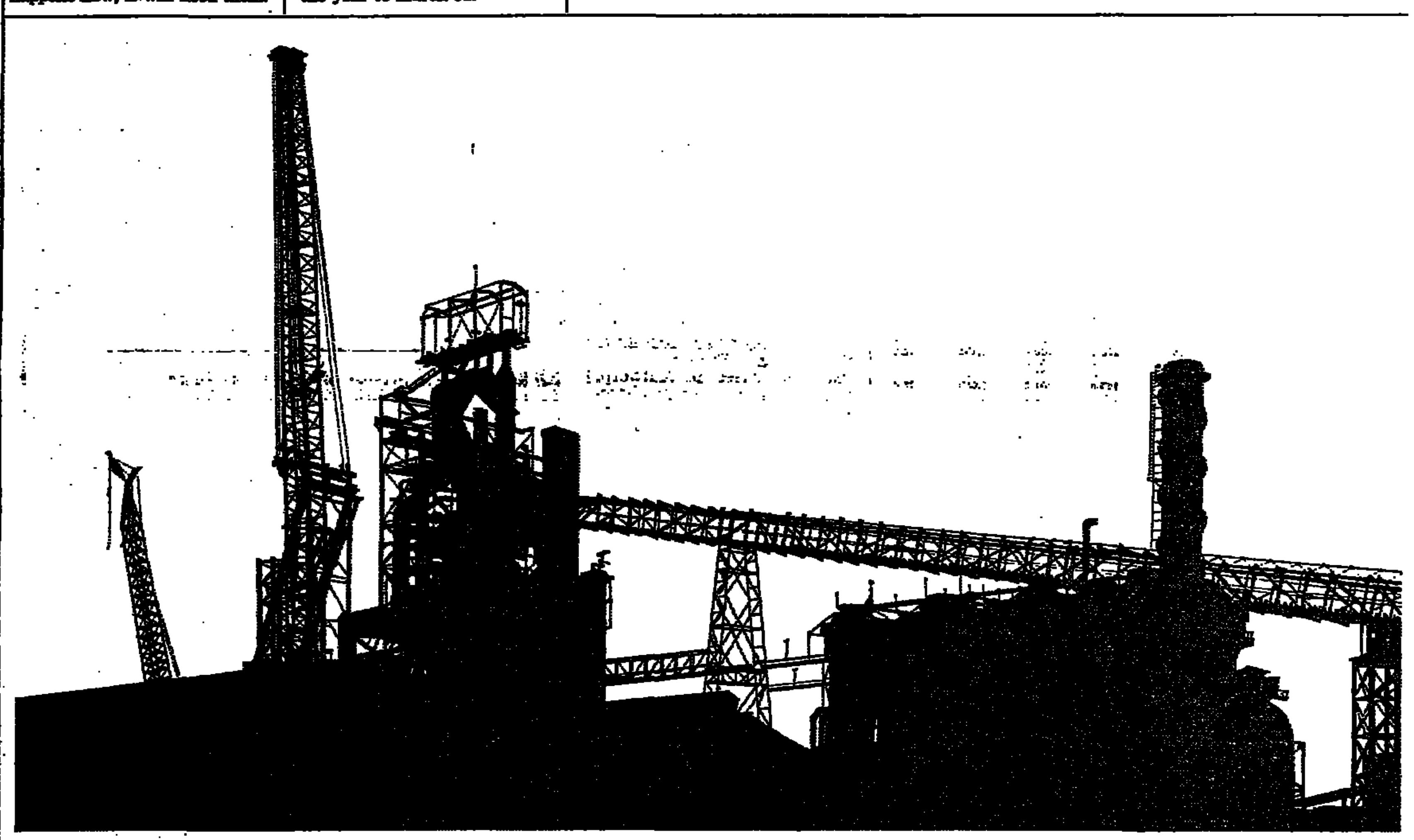
Employment group Blue Arrow, has agreed to buy the businesses of five UK Manpower franchisees for £1.65m to be settled by the issue of 1.2m shares and £240,000 in cash.

Public Works Loan Board rates

Effective July 13.

Years	Quota loans repaid by EIP†	A††	at maturity§	Non-quota loans A* repaid by EIP†	A††	at maturity§
1			10¾			11
Over 1 up to 2	10¼	10¼	10½	11¼	11¼	10¾
Over 2 up to 3	10½	10½	10½	11⅛	11⅛	10¾
Over 3 up to 4	10½	10⅝	10½	11⅛	11⅛	10¾
Over 4 up to 5	10⅝	10⅝	10½	11⅛	11⅛	10¾
Over 5 up to 6	10⅝	10⅝	10½	10⅞	10⅞	10⅝
Over 6 up to 7	10⅝	10⅝	10½	10⅞	10⅞	10⅝
Over 7 up to 8	10½	10½	10½	10⅞	10⅞	10⅝
Over 8 up to 9	10½	10½	10¼	10⅞	10⅞	10⅝
Over 9 up to 10	10⅜	10⅜	10	10⅞	10⅞	10½
Over 10 up to 15	10⅛	10	9¾	10⅝	10½	10¼
Over 15 up to 25	9⅞	9¾	9⅝	10⅜	10¼	10¼
Over 25	9⅞	9⅝	9⅝	10¼	10¼	10¼

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.



COMMODITIES AND AGRICULTURE

Farm spending limits to hit EC cereals exports

BY TIM DICKSON IN BRUSSELS

EUROPE'S GRAIN trade is currently digesting a surprise announcement by the European Commission that exports of cereals to the world market are likely to be limited to just 1.5m tonnes over the next two months.

The lower-than-expected figure – perhaps half what might be achieved given good crops and a more aggressive export policy – is the direct result of the tighter restrictions on farm spending agreed at the February Summit.

"It is the first major reminder that budget discipline in agriculture is not just a vague concept in politicians' minds," commented one senior Commission official. "It really does exist."

The latest development stems from the decision by EC heads of Government in February that resources allocated in the budget for the support of one commodity sector should not in future be transferred to finance spending beyond the agreed limit in another. Thus the Commission's market managers have noted that the budget chapter for the export programme for grains – used notably for the export restitutions which bridge the gap between world prices and the higher EC prices – is sufficient only to finance a further 1.5m tonnes of cereal exports between now and September 15.

The European Commission told last week's management committee that much of this total was already effectively spoken for by traditional export customers and other urgent priorities. The plan is, for example, that 200,000 tonnes will go on the food aid programme while 250,000 tonnes of semolina will be sold to the North African market and 250,000 tonnes of flour wheat to Black Africa, leaving little more than 500,000 tonnes for free distribution by the trade.

The Commission's action has been so far been justified largely in terms of adherence to the new budget discipline. Officials say that they intend, where possible, to apply the "chapter by chapter" approach – which can only be overridden if the Commission makes a proposal to the Council of Agriculture Ministers.

The latest limit on cereals exports, which should be eased in September since the funds allocated for restitutions will thereafter come out of the 1989 budget, is also seen as timely in Brussels in view of market speculation on the effects of the US drought.

THE US drought must not be allowed to deflect Europe from its strategy of curbing agricultural overproduction, according to Mr John MacGregor, UK agriculture minister, writes our commodities staff.

He told the Home Grown Cereals Authority this week that the drought would have only a minor impact on EC cereal prices. EC production was still likely to be in surplus this year.

"No-one should delude themselves that one year's exceptional weather in North America removes the underlying long-term problem of overproduction in the cereals sector," he said.

David Blackwell on Australia's 'most interesting' exploration area

Outstanding oil potential in the Timor Sea

THE TIMOR Sea, off the north coast of Australia, has been targeted by Broken Hill Proprietary's petroleum division, as an area of outstanding potential for offshore oil discoveries. The company, which relies at the moment for 90 per cent of its profits on the mature Bass Strait oil field off the south coast of Victoria, is spending in conjunction with its partners A$500,000 (£235,000) a day on exploration in the Sea.

By the end of next week, production of high quality oil from the existing Jabiru oilfield will have been stepped up from 35,000 to 40,000 barrels a day.

The oil is being collected by the Jabiru Venture, a converted oil tanker, which has recently returned to the oilfield after an extensive refit in Singapore.

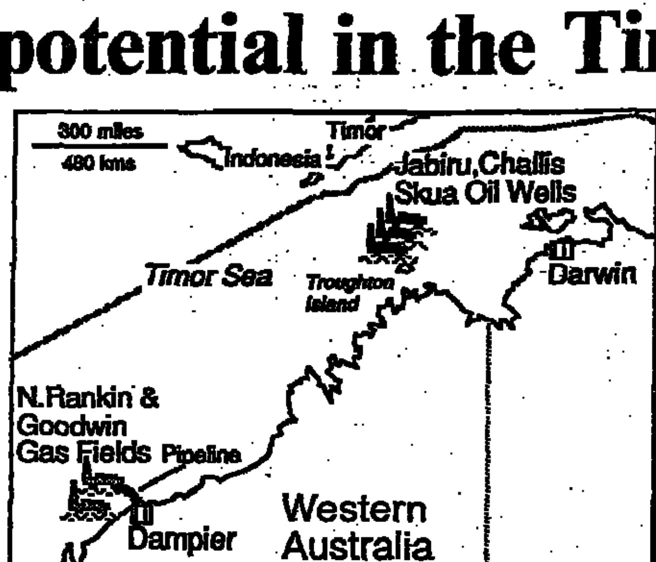
The throughput of the vessel – one of the few in the world that can be disconnected from its pipeline and sail away – has been doubled, and it is now taking oil from four wells instead of two. However, the initial expectation that production would double to 60,000 barrels a day has been disappointed. One of the new wells has produced only 3,000 barrels per day and one of the original wells has had to be cut back from 13,500 barrels a day to 6,000 barrels a day.

Nevertheless, BHP Petroleum, which owns 50 per cent of Jabiru, along with several other companies, is confident that the Timor Sea will bring rich rewards in the years ahead.

The first Jabiru well was drilled in 1983 on the basis of 13m barrels of recoverable reserves. Early this year, the well yielded its ten millionth barrel of oil, and recoverable reserves from the four wells are now put at 50m barrels, with production costs of less than A$2 a barrel.

Last year Jabiru contributed A$36m to BHP Petroleum's A$364m net profit. At the end of last month, the field was cited by Mr Peter Willcox, the division's chief executive, as a prime example of the sort of operation through which he hopes to put BHP Petroleum among the top ten world oil companies. Mr Willcox sees the company's steady income from the Bass Strait as "the springboard for developing a successful and growing international oil company."

As part of his strategy, the group is accelerating development at two more fields in the Timor Sea – Skua and Challis. These are not far from the Jabiru field, midway between the north coast of Western Australia and the Indonesian island of Timor.



Two weeks ago a third drilling rig started work in the Skua field and a fourth is scheduled to join it in August. The programme is "probably the most aggressive offshore exploration campaign ever carried out in Australia," Mr Willcox says.

Meanwhile, development of the Challis field is going ahead at a cost of A$168m. A barge is being built and should be at its permanent moorings by September next year, ready to start lifting oil at the rate of 25,000 barrels a day at a production cost of A$6.70 a barrel. The project will start collecting from six wells but has the potential to go to 12.

All three fields are extremely remote. They are serviced from the tiny island of Troughton, situated off the north coast of Western Australia. It is 1½ hours by plane from Darwin, the nearest population centre, and more than an hour by helicopter from the rigs and drilling ships. The island is only one km long by half a kilometre wide and rises only 4 metres above sea level, so it has to be evacuated if cyclones threaten. A more frequent problem is crocodiles on the dirt landing strip.

If the Timor Sea oil production does become much bigger, the company is expected to move its servicing operation to a larger island base further north.

By world standards the field is small, Mr Simon Frame, an analyst with London brokers Wood Mackenzie said this week, but it is significant for Australia.

"Areas like the Timor Sea offer genuine potential to make up for part of the decline in Bass Strait production," he said, adding that the area was the most interesting for exploration in Australia at the moment.

Mr John Froning, BHP Petroleum's exploration manager for the Timor Sea, has no doubts that the future of the area is looking good. He said last week that the company had in the past year amassed a lot of valuable information about the area. In spite of some disappointments, successes had been sufficient to "convince us more and more that the Timor Sea will one day turn into a major oil province for Australia."

North West Shelf gas project gets into gear

THE NORTH WEST Shelf Project – Australia's biggest natural resources undertaking – is gearing up to start sending liquefied natural gas to Japan on schedule in October next year writes David Blackwell.

Workers on the North Rankin "A" oil and gas platform off the north-west Australian coast are preparing to drill 10 wells over three years for the production of the natural gas to be liquefied and sold to Japan. The gas will be piped 135 km to the A$3bn (£1.4bn) liquefaction plant now under construction on the remote Burrup peninsular, near Dampier in Western Australia. The plant will be the world's first to be gas-driven and air-cooled.

The Rankin platform is already sending ashore 800m cubic metres of natural gas every day for domestic consumption in Western Australia. Astonishingly, it supplies 63 per cent of the state's non-transport energy needs.

The platform now sits on 13 producing wells, although gas from five wells is being reinjected underground after condensate has been stripped. More than 22,000 barrels a day of condensate are being shipped.

Woodside Petroleum owns 50 per cent of the domestic gas phase of the project, with the remaining 50 per cent shared by subsidiaries of BP, Chevron, Broken Hill Proprietary and Shell. The partners have been joined for the LNG phase by Japan Australia LNG, a company jointly owned by Mitsubishi Corporation and Mitsui.

North Rankin is estimated to have more than 200bn cubic metres of recoverable gas reserves, and the two nearby Goodwyn fields, which are due to start producing in 1993, have a further 119bn cubic metres between them.

Eight power and gas utilities in Japan have contracted to take 5.86m tonnes of liquefied natural gas a year for 19 years, starting at the end of next year. Seven LNG carriers are being built in Japan to transport the product, and four storage tanks, each holding 65,000 cubic metres of liquefied gas, have been completed.

The building of the plant – one of the biggest industrial complexes now under construction in the world – has utilised the entire industrial capacity of Australia, according to Mr Yarp Schut, the tough and energetic construction manager. This year the project has been soaking up A$4m a day and employing more than 4,000 people.

In spite of its remoteness and inhospitable weather – temperatures have sometimes topped 50 degrees Centigrade – the construction schedule "has come pretty close to our fondest dreams," Mr Schut said last week.

Malaysian rubber market continues 'consolidation'

BY WONG SULONG IN KUALA LUMPUR

RUBBER PRICES have eased substantially in recent weeks in response to heavy sales from the International Natural Rubber Organisation's buffer stock and the retreat of Japanese speculative demand.

From an 8-year high of 400 cents a kg on May 31, the price of RSS No. 1, the hedging grade on the Malaysian Rubber Exchange, has slipped steadily to close at 332.5 cents yesterday.

The exchange, in its review, said the market has been undergoing consolidation, with the market returning to fundamentals.

Traders said the sharp price decline was largely due to reduced buying interest in the West due to the start of the summer holidays. There was also plenty of rubber in the market, partly because of increased output and partly because of unloading of stocks by producers.

However, Malaysian rubber officials believe continuing strong demand should keep prices above the 300 cents a kilogram level for the rest of 1988.

World natural rubber consumption this year is expected to exceed supply by about 100,000 tonnes, and this is being met by buffer stock sales.

Rubber officials believe the buffer stock manager now has less than 60,000 tonnes left, and this is likely to be exhausted by the end of the year, when the second rubber agreement is due to come into force.

Since the buffer stock manager began his disposal programme last September he has sold nearly 300,000 tonnes.

"Viewed from this angle demand for rubber has been extremely firm to be able to sustain the current favourable prices," said an exchange official.

The buffer stock manager believes the Inro 5-day moving average (the price which triggers buffer stock operations) should remain above the "must buy" level of 242 Malaysian/Singapore cents a kg for the rest of the year.

Coffee fall triggers quota cut

By David Blackwell

THE INTERNATIONAL COFFEE Organisation yesterday cut its global export quota by 1.5m bags to 53m bags after its 15-day average indicator price fell below 115 cents a lb.

The cut had been widely expected in the market. But nevertheless prices in London rose, partly on fears that a further cut in the quota could soon be made. Under the organisation's rules, the quota will be reduced by another 1.5m bags if the 15-day average remains under 115 cents a lb in the next 10 working days.

September delivery robusta futures closed in London yesterday at £1,115 a tonne, up £13.

A further cut in the quota would exacerbate the tightness of supply of good quality arabica coffee, analysts said. At the moment arabicas are fetching a premium of more than 55 cents a lb over robustas.

Brazilian traders welcomed the quota cut as they have not shipped anything like their full export quota of coffee this year. Failure to meet the quota would be politically embarrassing, but yesterday's cut is expected to make Brazilian coffee more competitive.

Traders estimated that at the end of June, Brazil needed to ship over 5m bags of 60 kg by the end of September to complete its quota.

Ironically, fears of frost in Brazil have helped to underpin prices recently, delaying the quota cut.

Coal miners end strike

MORE THAN 28,000 Australian coal miners have returned to work after a 7-day strike over industry restructuring plans, reports Rueter from Sydney.

The strike, the second within a month, cost the industry some A$150m (£70m) in lost production and export revenue..

Mr Bob Hawke, the Prime Minister, said he would meet the Premiers of New South Wales and Queensland on July 21 to discuss the industry's future. The two states account for 95 per cent of Australia's coal production.

Mining companies want various measures to improve productivity, including an extension of the working week to seven days.

Mr John Maitland, the Miners Federation president said the coal workers were prepared to strike again if necessary.

Hammer consortium wins big Israeli concession

BY ANDREW WHITLEY IN JERUSALEM

THE ISRAELI Government has awarded a large offshore oil concession to a consortium of local and foreign companies headed by Dr Armand Hammer, chairman of Occidental Petroleum Inc.

The undersea structure is believed to contain recoverable deposits of between 200m and 1bn barrels of oil.

Deliberately excluded from the 7,000 sq km block, which lies about 16 km off Israel's southern Mediterranean coast, are the promising territorial waters of the occupied Gaza Strip. The proximity of the nearby Egyptian field at El Arish indicates the likely extention of the same field across the 1967 border into Gazan waters.

Negev Joint Venture, a consortium which has been exploring for oil and gas onshore without success, is to invest $25.5m in test drilling offshore over the next three years. Drilling is expected to begin this autumn on an unusually deep well, to be sunk down to 17,000 feet.

At a press conference in Tel Aviv, the 90-year-old oil billionaire, acting in Israel in his personal capacity, said that if the identified prospect were anywhere else in the world major foreign companies would be flocking in to participate in its exploration and development. None of the oil majors are present in Israel.

Israel currently imports 97 per cent of its oil needs, mostly on fixed, long-term contracts with Egypt, Norway and Mexico. And the Occidental chairman said one of his goals was to make the country self-sufficient in oil.

According to the Energy Ministry, Dr Hammer has also agreed to invest in a proposed natural gas pipeline from Egypt to Israel's southern Negev region, expected to cost about $200m. Together with Energy Minister Moshe Shahal, he is expected to visit Cairo in September, to try to persuade President Hosni Mubarak to give his blessing to the plan.

● Canada's Federal Government and the Newfoundland Provincial Government have reached tentative agreement with a consortium led by Mobil Canada on development of Canada's first offshore oilfield for the early 1990s – Hibernia, 200 miles east of St. John's, the New Foundland capital, writes Robert Gibbens in Montreal.

The cost has risen to C$6bn (2.9bn) from earlier estimates of C$4.5bn and the Federal Government is likely to provide subsidies worth C$1bn.

Hibernia is estimated to contain 550m barrels of oil. Development has been delayed since 1985 by low world crude prices.

Newfoundland premier Brian Peckford said the Mobil group was eager to reach agreement on a financial package because it believed international oil prices would stabilise when the Hibernia field came on stream in the early 1990s.

Mobil confirmed that consensus had been reached and indicated that an agreement might be signed in about two weeks. Oil industry analysts said the Government package represented a take it or leave it offer to the Mobil consortium but the balance of opinion favoured an agreement being signed.

● Indonesian oil and gas revenues for the first half of the 1988 financial year, which began in April, are estimated at $4.55bn, Mr Ginanjar Kartasasmita, the Mines and Energy Minister said yesterday, reports Reuter from Jakarta.

He told a parliamentary hearing that oil and gas revenues for the whole of 1987-88 reached $10.04bn.

Crude oil production was estimated at 247.1m barrels for the first half of 1988-89, compared with 484m barrels for the whole of 1987/88, Ginanjar said.

WORLD COMMODITIES PRICES

LONDON MARKETS

ZINC PRICES continued this week's downward trend in erratic afternoon trading on the LME following news that the Belgian producer Vieille Montagne had cut its producer price by $150 to $1,200 a tonne. The company said the market had become overheated, and had now eased to normal levels for the holiday period. It did not exclude prices rising again after the summer lull, as it saw no fundamental changes in the market. Preussag of West Germany and Pennaroya of France later followed suit. Prices fell on the news as buyers withdrew from the market, but subsequent shortcovering saw a recovery. Traders said LME price levels had already discounted a producer price cut, with cash metal trading at an equivalent to $1,175 a tonne. At the close cash zinc was down £22.50 at £694.50 a tonne, compared with £824 a tonne on June 22, when producers set the European price at a record $1,350 a tonne.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$12.10-2.18z	-0.06
Brent Blend	$14.05-4.10z	+0.07
W.T.I.(1 pm est)	$14.62-4.65z	+0.01
Oil products (NWE prompt delivery per tonne CIF)		**+ or -**
Premium Gasoline	$179-181	
Gas Oil (Soviet)	$124-126	
Heavy Fuel Oil	$64-65	
Naphtha	$137-139	-1
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♣	$436.50	+1.25
Silver (per troy oz)♣	703c	+6
Platinum (per troy oz)	$539.00	+0.25
Palladium (per troy oz)	$122.25	+0.75
Aluminium (free market)	$2670	-45
Copper (US Producer)	105-105⅝c	-2½
Lead (US Producer)	36c	
Nickel (free market)	640c	
Tin (European free market)	£4305	+5
Tin (Kuala Lumpur market)	18.88r	+0.05
Tin (New York)	337.5c	+0.5
Zinc (Euro. Prod. Price)	$1337.5	
Zinc (US Prime Western)	65⅝c	
Cattle (live weight)†	112.80p	+2.42*
Sheep (dead weight)†	186.43p	-2.85*
Pigs (live weight)†	70.52p	-0.21*
London daily sugar (raw)	$365x	+17
London daily sugar (white)	$332.0x	+14.5
Tate and Lyle export price	£329	+12
Barley (English feed)	£104z	
Maize (US No. 3 yellow)	£144.5z	
Wheat (US Dark Northern)	Unq.	
Rubber (spot)♥	70.50p	
Rubber (Aug)♥	76.50p	
Rubber (Sep)♥	76.75p	
Rubber (KL RSS No 1 Aug)	332.5m	-6.5
Coconut oil (Philippines)§	$705y	+15
Palm Oil (Malaysian)§	$515z	+10
Copra (Philippines)§	$460	-10
Soyabeans (US)	£214	+5
Cotton "A" index	63.70c	-0.55
Wooltops (64s Super)	654p	

COCOA £/tonne; COFFEE £/tonne; SUGAR $ per tonne (Raw, White); GAS OIL $/tonne; GRAINS £/tonne (Wheat, Barley); POTATOES £/tonne; SOYABEAN MEAL £/tonne; FREIGHT FUTURES $10/index point; WOOL

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 1,250 tonne
Cash	2650-60	2670-80		2660-80		
3 months	2590-610	2615-25		2600-20		7,026 lots

LONDON BULLION MARKET; LONDON METAL EXCHANGE TRADED OPTIONS

US MARKETS

In a response to the publication of the U.S.D.A.'s crop report and further indications of hot, dry weather to come, the grains and soybean complex closed sharply higher to limit-up, reports Drexel Burnham Lambert. In cattle futures, the nearby contracts closed limit-down to sharply lower in response to the strength in corn, weaker cash prices and lack of buying by packers. Hogs were similarly sharply higher in nearby contracts. Bellies were sharply higher across the board reflecting strong cash prices and technical buying in the futures market. Sugar once again followed the grains, rallying sharply. In the energy complex, a less-than-expected draw-down of gasoline stocks as indicated by the A.P.I. statistices led to large-scale unwinding of crack spreads (selling gasoline, buying crude and heating oil). The buying in crude oil and heating oil was more than offset by the bearish A.P.I. statistics. The precious metals finished firm on short-covering and technical buying as the markets penetrated near-term resistance levels. Trade and commission house buying was noted which touched-off stops during the advance.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jul	440.4	437.0	436.1	436.0
Aug	441.8	438.7	443.0	435.3
Sep	444.6	441.4	0	0
Oct	447.5	444.2	446.8	441.3
Dec	453.0	449.6	454.0	446.3

PLATINUM 50 troy oz; $/troy oz.; SILVER 5,000 troy oz; cents/troy oz.; COPPER 25,000 lbs; cents/lbs

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Aug	14.50	14.72	14.79	14.50
Sep	14.85	14.86	14.95	14.62
Oct	14.76	14.96	15.06	14.75
Nov	14.89	15.10	15.16	14.89

HEATING OIL 42,000 US galls, cents/US galls; COCOA 10 tonnes;$/tonnes; COFFEE "C" 37,500lbs; cents/lbs; SUGAR WORLD "11" 112,000 lbs; cents/lbs; COTTON 50,000; cents/lbs; ORANGE JUICE 15,000 lbs; cents/lbs; INDICES (REUTERS, DOW JONES)

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	949/4	879/4	952/0	913/0
Aug	914/4	864/4	914/4	914/4

SOYABEAN OIL 60,000 lbs; cents/lb; SOYABEAN MEAL 100 tons; $/ton; MAIZE 5,000 bu min; cents/56lb bushel; WHEAT 5,000 bu min; cents/60lb-bushel; LIVE CATTLE 40,000 lbs; cents/lbs; LIVE HOGS 30,000 lb; cents/lbs; PORK BELLIES 38,000 lbs; cents/lb

هكذا من الاصل

FOREIGN EXCHANGES

Greenspan boosts dollar

TWO EVENTS were likely to influence the foreign exchanges this week. The first was yesterday's testimony by Mr Alan Greenspan, chairman of the US Federal Reserve, to the Senate Banking Committee, and the second will be tomorrow's US trade figures for May.

The net result seems to be that the Fed chairman had more impact than might have been expected, but that the trade figures are regarded in a rather more relaxed way than in recent months.

Only a surprising large increase in the US trade deficit from the April figure of $9.9bn is likely to dent the present strong sentiment surrounding the dollar.

Dealers decided that Mr Greenspan's comments were optimistic enough to demand another rise in the dollar's value. The US currency touched its highest level for nearly a year against the D-Mark, rising to a peak of DM1.8495, before intervention by the Federal Reserve put a cap on the market.

At the London close the dollar had advanced to DM1.8450 from DM1.8375; to Y132.90 from Y132.60; to SFr1.5315 from SFr1.5255; and to FFr6.2250 from FFr6.1960. On Bank of England figures the dollar's index rose to 98.2 from 97.9.

The main points of Mr Greenspan's testimony were optimistic about the US economy, including an upward adjustment in the forecast for growth in 1988, predicting expansion of 2.75 p.c. to 3 p.c. from and earlier 2 p.c. to 2.5 p.c.

Mr Greenspan did warn about inflationary pressure, and confirmed that the Fed tightened its monetary stance between late March and the end of last month.

A little later Mr Beryl Sprinkel, White House economic adviser, said the US economy is not overheating and there is no inflationary upsurge.

Mr Greenspan told the Congressional committee that the relationship between the discount rate and the Federal funds rate is satisfactory at present. He also said that although rates have been rising recently, a further increase is not inevitable.

The Fed intervened at several times to sell dollars in lots of $10m. The general attitude of the central bank was not regarded as aggressive, but was intended to prevent the market from boiling over.

The West German Bundesbank sold dollars for D-Marks at the Frankfurt fixing, but was not detected on the open market.

The Bundesbank also lent indirect support to the D-Mark, with a relatively modest injection of funds through this week's securities repurchase agreement tender.

This put upward pressure on money market rates in Frankfurt. The Belgian National Bank responded to the climb in German interest rates, with a second increase in Treasury certificate rates in two days, and a rise in its discount rate of 0.25 p.c. to 7 p.c.

This was seen as a signal from the Belgian authorities that they are determined to defend the franc within the EMS, where it is the second weakest currency.

Sterling drifted quietly, attracting little attention ahead of today's figures on UK industrial production, unemployment and average earnings. The latter will be looked at for signs of inflationary pressure ahead of tomorrow's data on retail prices.

Sterling fell 45 points to $1.6910, but improved to DM3.12, from DM3.1150; to SFr2.59 from SFr2.5825; and to FFr10.5250 from FFr10.5025. It was unchanged at Y224.75.

According to the Bank of England the pound's index rose 0.1 to 75.1.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4828	+2.41	+1.08	±1.5344
Danish Krone	7.85212	7.91248	+0.77	-0.56	±1.5404
German D-Mark	2.05853	2.07606	+0.85	-0.48	±1.0981
French Franc	6.90403	7.00212	+1.42	+0.09	±1.3674
Dutch Guilder	2.31943	2.34246	+0.99	-0.34	±1.5012
Irish Punt	0.768411	0.773870	+0.71	-0.62	±1.6684
Italian Lira	1483.58	1539.15	+3.75	+3.01	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

July 13	Latest	Previous Close
£ Spot	1.6910-1.6920	1.6930-1.6940
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 13	Previous
8.30 am	[illegible]	75.0
9.00 am	[illegible]	74.9
10.00 am	[illegible]	74.9
11.00 am	[illegible]	74.9
Noon	[illegible]	74.9
1.00 pm	[illegible]	74.9
2.00 pm	[illegible]	74.9
3.00 pm	[illegible]	74.9
4.00 pm	[illegible]	75.0

CURRENCY RATES

July 13	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

*All SDR rates are for July 12

CURRENCY MOVEMENTS

July 13	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

July 13	£	$
[illegible]	[illegible]	[illegible]

POUND SPOT- FORWARD AGAINST THE POUND

July 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6880-1.6950	1.6905-1.6915	0.27-0.24cpm	1.81	0.92-0.87pm	2.12
Canada	2.0400-2.0510	2.0435-2.0445	0.10-0.02cpm	0.35	0.39-0.27pm	0.65
Netherlands	3.51¼-3.52¾	3.51¾-3.52¾	1⅝-1½cpm	5.32	4¾-4⅝pm	5.32
Belgium	65.25-65.55	65.40-65.50	20-18cpm	3.48	58-54pm	3.42
Denmark	11.87¾-11.92	11.89-11.90	1⅝-1oreрm	1.32	5¼-4⅝pm	1.74
Ireland	1.1590-1.1655	1.1640-1.1650	0.29-0.21cpm	2.58	0.96-0.77pm	2.97
W. Germany	3.11½-3.12½	3.11¾-3.12¾	1⅜-1¼pfpm	5.05	4¼-4⅛pm	5.37
Portugal	252.65-254.50	252.65-253.65	36-64cdis	-2.37	108-196dis	-2.40
Spain	206.25-207.25	206.75-207.05	5-16cdis	-0.61	9-32dis	-0.40
Italy	2310¾-2316¼	2312¾-2313¾	1-2lire dis	-0.78	3-5dis	-0.69
Norway	11.31¾-11.35½	11.34¾-11.35¾	2⅝-3¼oredis	-3.04	8½-8⅞dis	-3.04
France	10.51¼-10.54	10.52-10.53	2⅜-2⅛cpm	2.57	7⅛-7pm	2.73
Sweden	10.71½-10.74¾	10.72¾-10.73¾	¼-⅝oredis	-0.56	par-⅝dis	-0.12
Japan	224¼-225¼	224¾-225¾	1⅛-1ypm	5.67	3¼-3⅛pm	5.67
Austria	21.92-21.98	21.95-21.98	9⅞-9⅛gropm	5.16	30⅛-28⅛pm	5.39
Switzerland	2.58¾-2.59½	2.58½-2.59½	1⅜-1¼cpm	6.08	4⅛-4pm	6.27

Belgian rate is convertible francs. Financial franc 65.90-66.00. Six-month forward dollar 1.82-1.77cpm 12 months 3.15-3.05cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

July 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6880-1.6950	1.6905-1.6915	0.27-0.24cpm	1.81	0.92-0.87pm	2.12
Ireland†	1.4510-1.4610	1.4515-1.4525	0.10-0.17cdis	-1.11	0.20-0.35dis	-0.76
Canada	1.2050-1.2095	1.2085-1.2095	0.14-0.16cdis	-1.49	0.43-0.46dis	-1.47
Netherlands	2.0700-2.0825	2.0825-2.0835	0.60-0.58cpm	3.41	1.71-1.68pm	3.27
Belgium	38.40-38.75	38.65-38.75	5-4cpm	1.40	14-12pm	1.35
Denmark	6.99-7.04	7.03¼-7.03¾	par-0.50oredis	-0.43	0.20-0.70dis	-0.26
W. Germany	1.8340-1.8495	1.8445-1.8455	0.50-0.47pfpm	3.16	1.51-1.46pm	3.23
Portugal	149¾-150¾	150¼-150¾	47-62cdis	-4.35	145-195dis	-4.53
Spain	121.50-122.40	122.30-122.40	23-33cdis	-2.76	70-80dis	-2.46
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.90-38.95.

EURO-CURRENCY INTEREST RATES

July 13	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 9¼-9⅛ per cent; three years 9⅜-9¼ per cent; four years 9⅝-9½ per cent; five years 9⅝-9½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

July 13	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000; French Fr. per 10; Lira per 1,000; Belgian Fr. per 100.

FINANCIAL FUTURES

Volume slows ahead of data

TRADING VOLUME slowed to a trickle in yesterday's Liffe market. Turnover in the long gilt contract was just over 5,000 lots traded against 23,000 on Tuesday.

Institutional investors and speculators alike, preferred to put on ice any investment decisions until after the large batch of UK and US economic data due today and tomorrow.

US trade figures remained the key factor likely to determine market sentiment, although analysts pointed to the in built volatility of these figures. Underlying sentiment suggested that unless the figures were much worse than expected, the dollar was likely to retain its firm undertone.

US Treasury bonds opened well down from Monday's close, following a weaker finish in Chicago. Once again sentiment was influenced by the inflationary implications of the drought in the US Mid-West. However the bearish trend failed to attract any follow through selling, and the September contract held above a support level at 86-00 and recovered later in the day - helped by a firmer dollar - to finish at 86-23, compared with 86-21 on Tuesday.

Sterling based contracts traded within a narrow range. Once again, investors were reluctant to take positions ahead of UK data due for release today. Sterling was steady for much of the day while cash rates were barely changed.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume total, Calls 465 Puts 1045. Previous day's open int. Calls 27393 Puts 26414

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume total, Calls 48 Puts 78. Previous day's open int. Calls 865 Puts 1347

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Jul	Calls-settlements Aug	Puts-settlements Jul	Puts-settlements Aug
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume total, Calls 0 Puts 0. Previous day's open int. Calls 6 Puts 56

LIFFE £/$ OPTIONS

Strike Price	Calls-settlements		Puts-settlements	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume total, Calls 50 Puts 50. Previous day's open int. Calls 957 Puts 28

LIFFE EURODOLLAR OPTIONS

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume total, Calls 235 Puts 365. Previous day's open int. Calls 1430 Puts 2004

LIFFE SHORT STERLING

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume total, Calls 380 Puts 665. Previous day's open int. Calls 10594 Puts 9156

PHILADELPHIA SE £/$ OPTIONS

Strike Price	Calls				Puts			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON SE £/$ OPTIONS

Strike Price	Calls				Puts			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC (IMM)

SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep	0.6577	0.6605	0.6568	0.6627
Dec	0.6645	0.6668	0.6635	0.6698
Mar	0.6700	-	0.6690	0.6758

STANDARD & POORS 500 INDEX

$500 times index

	Latest	High	Low	Prev.
Sep	270.75	271.50	269.75	269.35
Dec	273.15	273.75	272.15	271.65
Mar	275.10	275.80	-	273.65
Jun	277.10	277.80	-	275.70

MONEY MARKETS

London rates steady

INTEREST RATES were barely changed in London yesterday as money markets continued their pre-occupation with the release of US trade figures tomorrow.

Trading volume was particularly low, with little incentive to take fresh positions, not only because of US trade figures, but also because of UK data due for release today, which includes unemployment and average earnings.

UK clearing bank base lending rate 10 per cent from July 4

Three-month interbank money finished at 10¾-10⅝ p.c. unchanged from Tuesday. Overnight money touched a high of 8¾ p.c. but eased to 5 p.c. before finishing bid at 8 p.c.

The Bank of England forecast a shortage of around £400m with factors affecting the market including repayment of any late assistance and bills maturing in official hands, together with a take up of Treasury bills draining £369m. There was also a rise in the note circulation of £115m. These were partly offset by Exchequer transactions, which added £35m; and banks' balances brought forward £50m above target.

The Bank gave assistance in the morning of £435m through outright purchases of £14m of eligible bank bills in band 3 at 9¾ p.c. and in band 4, £8m of local authority bills and £415m of eligible bank bills, all at 9¾ p.c. There was no further assistance in the afternoon.

Interest rates were firmer in Frankfurt after the Bundesbank injected a net DM5.7bn at its latest sale and repurchase tender. The DM18.8bn allocated, replaced a maturing facility which drained DM13.1bn.

Dealers had been hoping for a larger allocation, since short term money remained in extremely short supply. The Bundesbank's continued intervention in currency markets, selling dollar and purchasing D-Marks, has added to the drain on liquidity, and commercial banks are finding it extremely difficult to remain on target with their monthly minimum reserve requirements.

There is now even greater pressure on the authorities to increase the Lombard rate from its current level of 4.5 p.c., at today's meeting of the Bundesbank central council. The argument however remains finely balanced, with some analysts pointing out that the key sale and repurchase rate has already been increased twice in the last month and that the authorities were unlikely to be pushed into raising rates just yet.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 13) 3 months US dollars		6 months US Dollars	
bid	offer	bid	offer
[illegible]	[illegible]	[illegible]	[illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

[illegible]	[illegible]	[illegible]	[illegible]

July 13	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

July 13	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series	Vol	Last	Vol	Last	Vol	Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS : 44,864

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	10	Citibank NA	10	Nat Bk. of Kuwait	10
Adam & Company	10	City Merchants Bank	10	NatWestminster	10
AAB - Allied Arab Bk	10	Clydesdale Bank	10	Northern Bank Ltd	10
Allied Irish Bank	10	Comm. Bk. N. East	10	Norwich Gen. Trust	10
Henry Ansbacher	10	Co-operative Bank	*10	PRIVATbanken Limited	10
ANZ Banking Group	10	Coutts & Co	10	Provincial Bank PLC	11
Associates Cap Corp	10	Cyprus Popular Bk	10	R. Raphael & Sons	10
Authority Bank	10	Dunbar Bank PLC	10	Roxburghe G'rantee	10½
B & C Merchant Bank	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Banco de Bilbao	10	Equatorial Bank plc	10	Royal Trust Bank	10
Bank Hapoalim	10	Exeter Trust Ltd	10½	Smith & Williamson Secs.	10
Bank Leumi (UK)	9	Financial & Gen. Sec	10	Standard Chartered	10
Bank Credit & Comm	10	First National Bank Plc	10	TSB	9½
Bank of Cyprus	10	● Robert Fleming & Co.	10	UDT Mortgage Exp	‡9.4
Bank of Ireland	10	Robert Fraser & Ptnrs.	11	United Bk of Kuwait	10
Bank of India	10	Girobank	10	United Mizrahi Bank	10
Bank of Scotland	10	Grindlays Bank	10	Unity Trust Bank Plc	10
Banque Belge Ltd	10	● Guinness Mahon	10	Western Trust	10
Barclays Bank	10	HFC Bank plc	10	Westpac Bank Corp.	10
Beachmark Bank PLC	10	● Hambros Bank	10	Whiteaway Laidlaw	10½
Berliner Bank AG	10	Heritable & Gen Inv Bk	10	Yorkshire Bank	10
Brit Bk of Mid East	10	● Hill Samuel	§10		
● Brown Shipley	10	C. Hoare & Co.	10		
Business Mtge Tst	10	Hongkong & Shangh	10		
CL Bank Nederland	10	Lloyds Bank	10		
Central Capital	*10*	*Meghraj Bank Ltd*	*10*		
● Charterhouse Bank	10	Midland Bank	10		
		Mount Bnkg Corp.	10		

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 4.38% Savewise 7.16%. Top Tier-£10,000+ instant access 9.0% ‡ Mortgage base rate. § Demand deposit 5.0%. Mortgage 9.125% - 9.5%

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

		Init Chrg	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Specialist Trusts							
Asset Value	5		320.7	323.3xd	344.3	.....	2.89
Conv & Gilt	5		39.73	40.38	42.90	.....	5.01
Smaller Co's	5		172.2	172.2xd	183.3	.....	2.25
2nd Smaller Co's	5		196.0	196.0	208.7	.....	1.89
Recovery	5		101.4	101.4	107.9	.....	2.89
Met Min & C'dty	5		112.3	112.3	119.5	.....	1.39
O'seas Earnings	5		210.1	210.1xd	223.7	.....	3.13
Technology	5		89.09	89.09	94.88	.....	1.36
UK Special Sits	5		265.3	265.3	282.5	.....	2.56

Bishopsgate Progressive Mgmt Co (1200)F
15 St James' Place, London SW1A 1NW 01-493 8111

	Init Chrg	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Progressive Inc	5	£15.67	£15.97	16.86	+0.08	1.26
Progressive Acc	5	£21.99	£22.42	23.66	+0.11	1.26
International Inc	5	£16.15	£16.15	17.04	-0.08	1.69
International Acc	5	£20.03	£20.03	21.14	-0.09	1.69
Can & Foreign Inc	5	188.8	188.8	199.3	.....	0.92
Can & Foreign Acc	5	210.4	210.4	222.1	.....	0.92
Special Sits Inc	5	164.1	164.1	173.7	.....	2.37
Special Sits Acc	5	164.1	164.1	173.7	.....	2.37

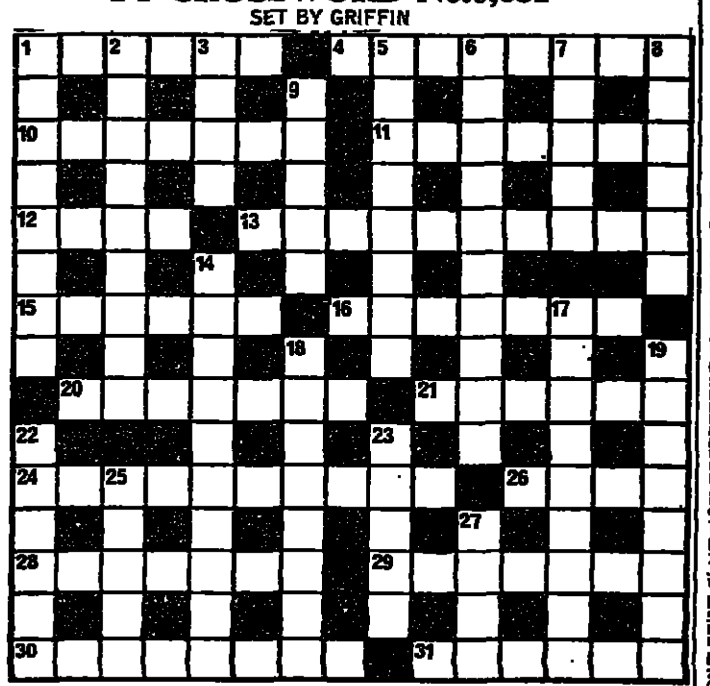
Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 01-248 4400

	Init Chrg	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Brewin Capital	5½	184.9	196.1xd	208.6	.....	1.50
Brewin Dividend	5½	100.0	104.5	111.1	.....	5.62
Brewin Inc Gth Inc	5½	210.3	220.8xd	234.8	.....	3.49

JOTTER PAD

FT CROSSWORD No.6,681

SET BY GRIFFIN



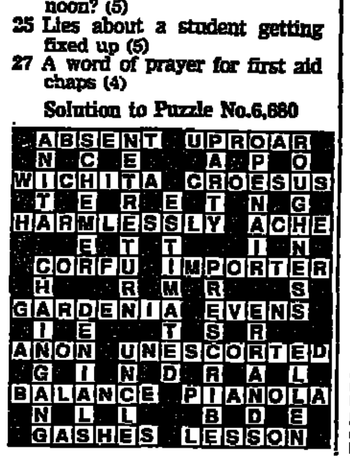
ACROSS

1 Sailor looking embarrassed about delay (6)
4 Urged a little man to follow punctually (8)
10 Leading pianist enters variety show (7)
11 Vital revolutionary article by man from Riga? (7)
12 The elderly will retire, for example, in time (4)
13 Writer wary when involved in pledge (10)
15 Man admits to turning sexy (6)
16 Unusual Scottish hut possibly lacking refinement (7)
20 A layer of white things? (7)
21 Music causing tension? (6)
24 Loutish and sort of bizarre? (10)
26 Man, for instance, lies at random (4)
28 Unlit, it leaves port carrying nothing (7)
29 Satire showing diver accepting tree map (7)
30 I'd back secret negotiations, being tactful (8)
31 A Parisian, quite possibly ill (6)

DOWN

1 Socialist without appointment is superseded (8)
2 Consequently the man, an arbitrator, rushed outside (9)
3 Regretted discourteous speech (4)
5 Associate in band is recovering (8)
6 Launches newly designed tram to boos (10)
7 The object of night manoeuvres (5)
8 Indicate school to journalist, rising (6)
9 Stand on top of high pole (5)
14 Scotsman found HRH leading riot (10)
17 Coaches drop one – ask for interchange (9)
18 Parking was once under engineer's discretion (8)
19 One switched lantern suitable for inside (8)
22 Plump teachers rejected in switch (6)
23 Sung by Sarah in the afternoon? (5)
25 Lies about a student getting fixed up (5)
27 A word of prayer for first aid chaps (4)

Solution to Puzzle No.6,680



GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♣ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Target Trust Mngrs Ltd (1600)H						
Target Hse, Gatehouse Rd, Aylesbury, Bucks						
Admin: 0296 394000 Dealing: 01-379 0860						
American Eagle	5	63.71	63.71xd	68.26	-0.54	1.21
Australia	5	8.371	8.380	8.930	-0.03	0.10
Commodity	5	82.35	82.35	88.81	-0.07	1.01
Convertible	5	150.5	150.5	161.9	+0.7	5.40
Equity	5	150.3	150.3xd	161.5	—	3.04
Euro Spec Sits	5	79.50	79.70	85.62	-1.05	1.27
Financial	5	32.06	32.06	34.53	-0.10	2.62
Global Opps Inc	5	58.38	58.45	62.99	-0.06	1.57
Global Opps Acc	5	58.38	58.45	62.99	-0.06	1.57
Gold Income	5	56.77	56.77	60.97	-0.06	0.82
Gold Acc	5	104.6	104.6	112.3	-0.1	0.82
Income	5	108.4	108.4xd	116.5	-0.6	4.63
Japan	5	121.2	121.2	130.0	-0.5	0.10
Pacific Income	5	117.1	117.1	125.5	-0.5	0.84
Pacific Re Inv	5	145.2	145.2	156.7	-0.6	0.84
Preference Share	5	24.75	24.82xd	26.75	-0.06	6.83
Special Sits	5	104.0	105.5	113.2	+2.0	0.55
Technology	5	42.15	42.15	45.42	-0.50	0.10
UK Capital	5	92.47	92.47	99.57	-0.07	1.23
World Income	5	52.67	52.67xd	56.50	-0.13	5.02
Worldwide Capital	5	149.0	149.0xd	160.2	+0.4	2.72
Equity Exempt	5	115.5	115.5xd	124.2	—	1.47
Equity Exempt Acc	5	219.2	219.2	235.6	—	1.47
Templeton Investment Mngmt (1000)						
20 Copthall Avenue, EC2R 7PA 01-588 6064						
Intl Fen & Cr'tee	3	90.66	91.67	95.50	.....	—
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq., London W1M 7HF 01-493 7262						
Dealing 01-493 8545						
American Opps	5	40.51	40.51	43.04	-0.46	1.28
(Accum Units)	5	41.39	41.39	43.98	-0.46	1.28
European Opps	5	42.35	42.62	45.46	-0.27	1.04
(Accum Units)	5	42.58	42.85	45.71	-0.27	1.04
Far Eastern Opps	5	89.61	89.61	95.21	-0.14	0.44
(Accum Units)	5	89.89	89.89	95.51	-0.14	0.44
Golden Opps	5	38.81	38.81	41.24	-0.11	1.08
(Accum Units)	5	39.07	39.07	41.51	-0.12	1.08
Intl Hi-Yield	5	47.55	47.55	50.52	+0.05	3.91
(Accum Units)	5	48.04	48.04	51.04	+0.06	3.91
Japanese Opps	5	59.76	59.76	63.50	-0.24	0.89
(Accum Units)	5	59.76	59.76	63.50	-0.24	0.89
Kangaroo	5	33.59	33.59	35.69	-1.69	1.26
(Accum Units)	5	33.78	33.78	35.89	-1.7	1.26
Oriental Income	5	29.91	29.91	31.78	+0.39	1.95
(Accum Units)	5	30.43	30.43	32.33	+0.4	1.95
Pacific Technology	5	55.61	55.61	59.09	-0.26	0.00
(Accum Units)	5	55.61	55.61	59.09	-0.26	0.00
Tiger	5	89.88	89.88	95.50	-0.16	0.46
(Accum Units)	5	90.70	90.70	96.37	-0.16	0.46
UK Hi-Yield	5	40.59	40.59	43.13	-0.14	8.67
(Accum Units)	5	43.90	43.90	46.64	-0.15	8.67
UK Opps	5	47.48	47.48	50.57	-0.1	1.87
(Accum Units)	5	49.21	49.21	52.41	-0.11	1.87

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
AA Friendly Society				
(Investment Mngt M & G Inv Mngt Ltd)				
AA Friendly Sy July 8	—	141.4	.....	—
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	242.3	255.1	—	—
Equity Ser. 1	116.3	122.5	-0.2	—
Prop. Acc. Ser 2	350.9	369.4	—	—
Equity Ser 2	132.0	139.0	-0.5	—
Selective Acc.	285.2	300.3	-0.4	—
Prop. Ser. 4	276.0	290.6	—	—
Equity Ser. 4	134.0	141.1	-0.3	—
Fixed Int. Ser. 4	210.1	221.2	-0.2	—
Indexed Inv. Ser. 4	120.5	127.0	+0.1	—
American Ser. 4	265.7	279.7	-1.2	—
High Inc. Ser. 4	378.8	398.8	-1.0	—
Japan Ser 4	278.9	293.6	-1.6	—
Man. Ser. 4	374.5	394.3	-0.9	—
Money Ser. 4	216.5	227.9	—	—
European Ser 4	94.6	99.6	-0.3	—
Pension Funds				
Property	466.2	490.7	—	—
Equity	953.7	1003.9	-2.4	—
Selective	303.9	319.9	-0.5	—
Managed	682.6	718.6	-1.8	—
Security	396.9	417.8	—	—
Fixed Int.	234.7	247.1	+0.1	—
European	130.7	137.6	-0.6	—
American	219.6	231.2	-1.6	—
Japan	298.6	314.4	-2.5	—
Indexed	127.8	134.6	-0.1	—
International	146.5	154.3	-0.2	—
Ethical	103.2	108.7	+0.5	—
High Income	100.8	106.2	-0.4	—
Abtrust Management Ltd				
20, Chiswell St, London, EC1Y 4TY 01-374 6801				
Managed Growth	302.59	318.31	—	—
Managed Income	134.76	141.86	—	—
AEtna Life Insurance Co Ltd				
401 St John St, London EC1V 4QE 01-833 2383				
Life Funds (Accumulating Units)				
Squirrel	11.77	12.39	+0.00	—
Bear	12.24	12.89	-0.01	—
Owl	15.24	16.05	+0.00	—
Bull	13.73	14.46	+0.00	—
Stag	14.28	15.04	+0.01	—
Gilt-Edged	11.81		+0.01	—
Deposit	10.81		+0.00	—
North American	9.29	9.78	-0.02	—
European	7.94	8.36	-0.04	—
Property	11.13	11.72	+0.00	—

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd. N Waterloo, Liverpool 051-928 6655

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	270 6	284.9	-1.2	-
Man Pens Inc & Cap Fds	347.3	365.6	+2.1	-
Money Fund	113.1	119 1	+0.1	-
Pens Mngd Fd (Init)	92.3	97.2	+0 8	-
Pens Mngd Fd (Acc)	106 0	111 6	+1.1	-
Pens FT30 Fd (Init)	130.2	137.1	+0.7	-
Pens FT30 Fd (Acc)	149.5	157.4	+0 9	-
Pens O'seas MgFd(Init)	61.3	64.6	+1.1	-
Pens O'seas MgFd(Acc)	70 4	74.2	+1.3	-
Pens Fxd Int Fd (Init)	106.4	112.0	-3.8	-
Pens Fxd Int Fd (Acc)	122.2	128.7	-4 7	-
Pens Deposit Fd (Init)	101.5	106 9	—	-
Pens Deposit Fd (Acc)	116.6	122.8	+0.2	-

Premium Life Assurance Co Ltd
37-39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	101.0	107 0	—	-
Building Soc. Fd	162 0	171.0	—	-
Balanced	247.0	260.0	—	-
Deposit	162 0	171.0	—	-
European	130.0	137.0	—	-
GT Managed	155.0	164.0	-1.0	-
Gartmore Mngd	104 0	110.0	—	-
German	54.0	99.0	—	-
Gilt	168.0	177.0	—	-
High Inc	114 0	120.0	—	-
International Equity	160 0	169.0	—	-
Japan	223 0	235 0	—	-
Managed	55 0	58.0	—	-
Property	258.0	272.0	—	-
R. W. Imperial Gold	132.0	139 0	—	-
UK Equity	327.0	345.0	—	-
Pension Funds				
American	125 0	132.0	—	-
Building Soc. Fd	133.0	142.0	—	-
Balanced	187.0	197.0	—	-
Deposit	151.0	159.0	—	-
European	127.0	134 0	—	-
GT Managed	166.0	174.0	—	-
Gartmore Mngd	99 0	105.0	—	-
German	89.0	94.0	—	-
Gilt	141.0	149.0	—	-

[illegible]

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Prufund				
Managed July 13	208.2	216.9	+1.1	-

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fd	442.2	465.5	-1.5	-
Equity Fd	893.8	940.9	-2.6	-
Intnl. Fd	311.8	328.3	-2.5	-
Fixed Int. Fd	361.6	380.7	+0.3	-
Prop Fd	333.5	351.1	+0 1	-
Cash Fd	238 0	250.6	+0.1	-
Pacific Basin Fd	179.0	188.5	-0.8	-
North American Fd	125 1	136.6	-1.3	-
European Fd	129 7	136.6	-1.3	-
Holborn Balanced Gwth Fd	103.0	108.5	-0.2	-
Holborn Strategic Gwth Fd	101.8	107.2	-0.2	-

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	480.6	505 9	-1.4	-
Equity	694.3	730.9	-1.8	-
Global Equity	200.6	211.2	-1.1	-
Fixed Interest	374.3	394.1	-1.5	-
Property	325.1	342.3	+0.2	-
Cash	141.6	149.1	+0.1	-
Index Linked Gilt	166.2	175 0	-1.0	-
Guaranteed	9 62	10.37	—	-
International Money	186.7	196.6	+0.8	-
North American Fd	57.4	60.5	-0.8	-
Japanese Fund	122.9	129.4	-0.5	-
European Fund	71.0	74.8	-0.3	-
Special Situations Fd	104.0	109.5	-0.3	-
Communications Fund	85.3	89.8	-0.6	-
Smaller Cos Fund	100.3	105.6	-0.3	-

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary July 7	£129.06	132.78	—	-
Equity Fund July 7	£141.21	145.47	—	-
Intnl Fund July 7	£21.22	21.92	—	-
Intl Bond Fd July 7	£10.72	10.86	—	-

[illegible]

Royal Heritage Life Assurance Ltd—Contd.

Campbell Cons Fd; Stacey Chiltern Fd; Ethical Invest Fd; Spencer Hse MGD Fd; N&B Comptrust; Southern Counties Mgd; South Coast Ecorsrtie; CFN Managed Gwth Fd; Heritage Mngd Bond; Pygmalion Mngd Fd; Lovell Associates; Greshied Inv-Mngd Fd; Falcon Mngd Fd; Harley Temple CIP; Beneficial Mngd Fd; BDA Ellbey Mgd Eq Fd; Guy Brunker Fd; Regency Fund; J J Barrington Inc. Fd; CIM Growth Portfolio; G & T Smaller Cos Fd; The Goldcrest Fund; Castle Inv Inc & Gwth; Badminton Growth Fund; John Dandy Fund; Prosperity Fund; GPIS Alpha Fund; Moneywise Inv Public; Buckingham Mngd Fd; DBS Priv Cap & Inc; Marquis Mngd Fnd; Tax Financial Planning; J J Barrington Mngd; LST Managed Inv Port; Guardian Fin Planners; London Strat Gwth; Blakemore W'wide Port; Earley Active Man Fd [illegible]

Royal Life Insurance Ltd
New Hall Place, Liverpool [illegible]

Royal Shield Fd; Royal Life (Unit Linked) [illegible]; Managed Fund [illegible]

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

UK LISTED

[illegible]

OFFSHORE INSURANCES

[illegible]

حكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99	83	Redemption 3pc 1986-96	99	.....	3.03	7.37
100	99	Treas. 9½pc '88	99	+	9.52	10.04
102	100	Treas 11½pc 1989	100	+	11.42	10.22
101	99	Treas 9½pc Cnv 1989	99	+	9.54	10.07
97	95	Treas 3pc 1989	97	+	3.09	6.75
102	100	Treas 10½pc 1989	100	+	10.46	10.08
102	99	Exch 10pc 1989	99	+	10.01	10.11
103	100	Exch 11pc 1989	100	+	10.90	10.12
97	95	Treas 5pc 1986-89	96	–	5.19	8.12
104	100	Exch 10¼pcCv '89	100	+	10.20	9.76
107½	104	Treas 13pc 1990‡‡	104	+	12.50	10.04
104	101	Exch 11pc 1990‡‡	101	+	10.85	10.00
107	103	Exch. 12¼pc 1990	103	+	12.06	10.08
93	91	Treas. 3pc 1990	92	.....	3.25	7.65
99	97	Treas 8¼pc 1987-90‡‡	97	–	8.46	9.66
102	97½	Treas. 8pc Cv 1990 ‡‡	98	+	8.15	9.01
103	99	Treas. 10pcCv 1990	99	+	10.02	10.06
91	88	Exch 2½pc 1990	89	.....	2.79	7.37
107	103	Treas 11¾pc 1991	103	+	11.34	10.05
95	92	Funding 5¾pc '87-91‡‡	92	–	6.18	8.68
90	87	Treas. 3pc 1991	88	.....	3.40	7.64
105	100	Treas 10pc Cv '91 ‡‡	100	+	9.94	9.75
107	102	Exch. 11pc 1991	102	+	10.72	10.03
98	94	Treas. 8pc 1991	94	+	8.46	9.92
113	108	Treas 12¾pc 1992‡‡	108	+	11.79	9.95
104	100	Treas 10pc 1992	100	+	9.98	9.93
98	94	Treas. 8pc 1992 ‡‡	94	+	8.49	9.88
106	101	Treas 10½pc Cv 1992‡‡	101	+	10.33	9.95
86	83	Treas. 3pc 1992	84	.....	3.56	7.71
112	107	Exch. 12¼pc '92	107	+	11.42	10.02
117	111	Exch 13½pc 1992	111	+	12.12	10.06
97	93	Treas 8¼pc 1993	93	+	8.79	9.93
105	100	Treas 10pc 1993‡‡	100	+	9.97	9.89

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

BRITISH FUNDS – Contd

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
130	121	Exch. 12pc '13-'17	125½	.....	9.56	9.34

Undated

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
44	41	Consols 4pc	42	.....	9.33	–
39	37	War Loan 3½pc‡‡	38	.....	9.18	–
52	48	Conv 3½pc '61 Aft	51	.....	6.83	–
33	30	Treas. 3pc '66 Aft	31	.....	9.41	–
28	26	Consols 2½pc	27	.....	9.26	–
28	26	Treas. 2½pc	27	.....	9.26	–

Index–Linked

1988 High	Low	Stock (b)	Price £	+ or –	(1)	(2)
121	117½	Treas 2pc IL '90(84.6)	121	.....	0.67	2.32
103	99	Do. 2pc '92‡‡(97.8)	102	–	2.06	2.76
40	39	Do. 2pc 94(40)●(102.9)	40	–	2.55	2.98
139	127	Do 2pc '96(67.9)	139	–	2.84	3.16
114	103	Do 2½pc '01(78.3)	113	–	3.64	3.87
111	101	Do. 2½pc '03(78.8)	110	–	3.72	3.93
112	102	Do. 2pc '06(69.5)	111	–	3.78	3.95
105	95	Do. 2½pc '09(78.8)	103	–	3.80	3.96
109	99	Do. 2½pc '11(74.6)	107	–	3.81	3.95
90	82	Do. 2½pc '13(89.2)	89	–	3.80	3.94
98	88	Do. 2½pc '16(81.6)	96	–	3.80	3.93
95	87	Do. 2½pc '20(83.0)	93	–	3.75	3.87
80	73	Do. 2½pc '24‡‡(97.7)	78	–	3.70	3.81

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for October 1987:102.9 and for May 1988:106.2

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

Continued on next page

[illegible]

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
58¼	43¼	Time Inc. $1	56½xd	–⅝	\$1.00	–	1.0
20⅞	15⅞	Transamerica $1	18⅞xd	–⅞	\$1.84	–	5.7
10⅞	754p	Transworld Corp $5	10¼	–⅛	20c	–	1.2
20¼	14½	TRINOVA Corp.	16½xd	–¼	56c	–	2.0
19	15⅛	USX $1	18	–⅛	\$1.20	–	3.9
23	17⅝	Utd. Technologies	21¼xd	–⅞	\$1.60	–	4.3
33½	26¼	US West	32¼	–¼	\$3.52	–	6.3
21½	16⅞	Waste Management $1	21xd	–⅛	48c	–	1.3
16⅞	12⅞	Whirlpool $1	16¼	–⅛	\$1.10	–	4.0
32⅞	18¼	♦Woolworth $3½	29½	–⅜	\$1.64	–	3.3

CANADIANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	173p	ABM Gold Corp ‡	226p	–7	–	–	–
32p	11p	♦Abbot Energy Corp	25p	.....	–	–	–
14¼	990p	♦Amer Barrick Res.	11½	.....	–	–	–
10p	3½p	American Lightwave	5p	.....	–	–	–
47p	18⅞p	♦Armeno	19½p	–1	–	–	–
76p	45p	Augmitto Explo.	66p	.....	–	–	–
13⅞	10⅝	Bk. Montreal ‡	13⅞	.....	\$2.00	–	7.1
676p	514p	Bk. Nova Scot. ‡	659p	–9	76c	–	5.6
18¼	15¼	BCE ‡	18¼xd	–⅛	\$2.44	–	6.5
716p	591p	♦Bow Valley ‡	678p	–8	440c	–	2.9
13½	10½	♦Brascan ‡	13⅛	–⅛	88c	–	3.2
328p	189p	♦Breakwater Res.	263p	.....	10c	–	1.8

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Contd

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd

INSURANCES

LEISURE

LONDON SHARE SERVICE

LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING—Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

Stock	Price	+or-	Div Net	Cvr	Y'ld Gr's	P/E
Ovoca Gold IR 2p	45	.....	—	—	—	—
Pennant Grp 2p	33	.....	d0.2	—	0.8	—
Penine Optical 2½p	46	.....	—	—	—	12.4
Propeller 1p	58	.....	—	—	—	28.0
Publishing Hldgs 5p	19	-1	—	—	—	11.4
Royal Sovereign 10p	229	+13	4.6	1.9	2.8	20.9
Scott Pickford 10p	25½	.....	3.1	0.7	16.2	13.2
Seacon Hldgs	81	.....	—	—	—	—
Stats Hldgs. 5p	21	.....	—	—	—	♦
Swangard Studios 1p	3¼	.....	—	—	—	♦
Takare	285	+9	b1.0	8.1	0.5	29.3
Theme Holdings	63	.....	♦1.1	♦	2.3	♦
Tomorrows Leisure 20p	31	.....	—	—	—	12.4
Tullow Oil 10p	21	-1	—	—	—	—
UPL Group 10p	117	+2	L2.41	♦	2.7	♦
Unit Group	151xd	+1	5.0	♦	4.4	♦
Video Tape Record 5p	103	.....	L2.3	2.3	3.0	14.8

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+or-
Albany Inv 20p γ	70	-1
Craig & Rose £1 γ	700	......
Finlay Pkg. 5p γ	86	......
Holt (Jos) 25p γ	£11¾	+¼

IRISH

Stock	Price	+or-
Nat. 9¾% 84/89	£100⅝	......
9pc Cap Ln. 1996	£98⅝	......
Fin. 13% 97/02	£119	......
Arnotts γ	380	......
CPI Hldgs γ	130	......
Carroll Inds. γ	158	......
Hall (R. & H.)	160	......
Helton Hldgs. γ	52	......
Irish Ropes γ	166	......
Unidare γ	455	+15

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	35
Amstrad	16
BAT	36
BOC Grp.	34
BSR	8
BTR	22
Barclays	35
Beecham	42
Blue Circle	38
Boots	19
Bowaters	35
Brit Aerospace	35
Brit. Telecom	22
Burton Ord	21
Cadburys	32
Charter Cons	38
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	85
GEC	13
Glaxo	85
Grand Met	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd	48
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen	25
Lex Service	33
Lloyds Bank	26
Lucas Inds	50
Marks & Spencer	17
Midland Bk	37
Morgan Grenfell	30
NEI	10
Nat West Bk	52
P & O Dfd	52
Plessey	16
Polly Peck	30
Racal Elect	32
RHM	30
Rank Org Ord	64
Reed Intnl	36
STC	24
Sears	11
TI	28
TSB	9
Tesco	14
Thorn EMI	60
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	45

Property

Stock	p
Brit Land	30
Land Securities	52
MEPC	52
Peachey	50

Oils

Stock	p
Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	3
LASMO	40
Premier	7½
Shell	95
Ultramar	26

Mines

Stock	p
Cons Gold	95
Lonrho	20
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Jul 4	Jul 14	Jul 15	Jul 25
Jul 18	Jul 28	Jul 29	Aug 8
Aug 1	Aug 11	Aug 12	Aug 22

*New time dealings may take place from 9.00 am two business days earlier.

Speculative activity spurs recovery in equities while Gilts continue sluggish

LONDON'S EQUITY market made a determined recovery yesterday spurred on in late dealings by recurrent rumours of a possible "dawn raid" this morning on Morgan Grenfell, the *merchant* bank. The rally made an early start when the market opened without any sign of a rumoured sell programme from a leading *US* house.

Progress was slow, however, and dealers reported little genuine investment business in the first half of the session. Later, however, a small buy programme from a UK marketmaker was joined by significant, albeit selective, support for the leading stocks from Salomon Brothers, which said it was also active in the ADR market.

Equities were featured towards the close by widespread speculative demand in the financial and food sector, the latter *enlivened* by confirmation that Goodman Fielder Wattie, the Australian stakeholder, is considering bidding for Ranks Hovis McDougall.

The FT-SE 100 Index closed with a flourish at the day's best level, with a gain of 12.8 to 1871.3. Seaq turnover of 430.8m shares was boosted sharply in the final hour of trading, indicating the weight of speculative interest.

London also responded favourably to the early firmness on Wall Street, and to the first reports of the Congressional appearance by Dr Alan Greenspan, chairman of the US Federal Reserve Board.

London securities houses are currently advising clients on the outlook for the third quarter of the year. County NatWest WoodMac said *yesterday: "We are now* prepared to make some commitment of cash into both bonds and equities". For UK equities, the firm predicts an overall return of about 14 per cent in the year to June 1989.

There was little movement in the Gilt-edged sector, however, as traders awaited the batch of important economic data due over the next two days. This morning brings the latest statistics on UK wages, unemployment and industrial production, and tomorrow the announcement of the US trade figures for May.

UK markets are nervous ahead of the US trade news, although securities houses have held their forecasts unchanged at around the $11bn deficit mark.

The blue chips benefited from a steadier performance from the oil share sector as crude prices looked a shade better. However, investment support continued to focus on the down-stream industry members where costs will *benefit from lower oil prices.* Some uncertainty continues to overhang BP and Shell, perceived as vulnerable to sliding oil prices – some US sources have projected a fall in oil prices to $12 a barrel.

There was little joy in the Government bond market, which suffered its quietest day, "for a long, long time", to quote one trader. Prices showed very little change from *overnight levels,* although the short-dated issues recovered fractionally from the downward flick at the close of the previous day.

Index-linked (IL) bonds gave back ¼ or so as the market waited to see whether the authorities will bring in a new tap stock. The IL sector was particularly nervous ahead of today's UK statistics which will give the latest trends in domestic inflation.

Shares in **Morgan Grenfell**, the *merchant bank, spiralled* upwards during the late afternoon, closing a net 20 higher at 315p, having touched 319p at one point. The buying interest was *sparked by the RHM news which* sparked off widespread speculative activity throughout the market, including reports of one agency broker "taking out" the market in Morgan and Willis Faber, the insurance broker which holds a near 21 per cent stake in Morgan. The rise in Morgan shares triggered talk that a "dawn raid" and subsequent bid may be imminent. Buying of MG was said by dealers to have been led by Savory *Milln and Morgan* Stanley, with heavy trading carried out via the inter-dealer broker screens. MG shares fell sharply last week after profits *downgradings by County* NatWest WoodMac, BZW and Savory Milln.

Speculation as to possible bidders for Morgan included two of the leading Swiss banks, Swiss Bank Corporation and Union Bank of Switzerland, both of which already own securities trading operations in the UK, UBS with Phillips & Drew and Swiss Bank with Savory Milln. Substantial share stakes in Morgan are also held by Bond Corporation, Dewey Warren and Deutsche Bank. Willis Faber edged up 2 to 267p.

Ranks Hovis McDougall rose *another 10 to 450p in turnover of* 11m shares. Dealers were disappointed by a statement from Goodman Fielder indicating a very vague intention to bid for RHM, while RHM's reply that any approach would not be welcome failed to inspire much excitement.

Suggestions that Sir Ron Brierley has already bought the Goodman stake and is intending to make a bid continued to preoccupy some dealers, who still expected an announcement today.

Dixons shares moved up 7 to 185p on a day when the company announced pre-tax profits for 1987 of £103.1m, barely £¼m up *on the previous year.* Although the figures were a touch below most analysts' forecasts, dealers had already incorporated their disappointment into the price, *and the market now regards the* outlook for the company as positive.

Mr Nick Bubb, stores analyst at Morgan Stanley, described Dixons as "a classic recovery stock," and predicted pre-tax profits for 1988 of £120m. One senior market-maker believes that Dixons is now over the worst and faces a brighter future. "Either a bid will come in, or they will continue to improve," he said.

Sears jumped 9 to 129p on turnover of 13m after rumours swept retailers Coles Myer, and Woodwards, a Vancouver-based department store conglomerate.

Sears has been regarded as the stores sector's most likely bid stock for some time, with much of the speculation centred around the Al Fayed holding. Of the two names linked to the stake, dealers yesterday favoured the Australian connection.

BICC, a strong performer in recent days, leapt to 350p before closing a net 7 higher at 345p after turnover of 1.8m. Citicorp Scrimgeour Vickers led the latest bout of buying interest in the shares after analyst Judy Stewart published a major "buy" note on the company.

Citicorp highlights the asset valuation of the group's overseas subsidiaries, its land reserves and its interest in the Channel Tunnel and comes up with an asset value "nearer 450p a share than 350p".

Ultramar were the outstanding performer in the sector, surging 13 to 301p on turnover of 5.2m. Buying demand was triggered by a large placing of shares by Kleinwort Grieveson, the securities house, at 286p a share. The placing went off smoothly and was followed up by substantial buying of the stock by other leading brokers. Burmah – "oversold and with extremely good fundamentals" according to one trader – spurted 17 to 543p on turnover of 1.2m.

International stocks had another quiet day, with dealers reporting few highlights. Sentiment improved after Tuesday's losses and most leaders registered quiet gains. ICI put on ¼ to £10⅜, while Glaxo rose 6 to 999p after dipping over the £10 level.

Beecham recovered, adding 4 to 472p and Fisons rose 3 to 270p, but turnover in both stocks was unexceptional. BTR ended 4 better at 283p; Warburg analyst Mike Murphy denied rumours of an upgrading, but said currency factors make the outlook positive for BTR. BAT Industries gained 4 to 429p as 1.7m shares changed hands ahead of today's news on acceptances of the offer for Farmers.

The flurry of takeover-inspired buying in Morgan Grenfell gave a major boost to Kleinwort Grieveson which spurted 9 to 392p.

Clearing banks were again highlighted by Barclays which rose 6 to 420p, mirroring sustained interest prompted by the recent spate of "buy" notes.

Sun Life burst into prominence as stories circulated that South African insurance group Liberty Life has sold its 25 per cent – plus stake in the group and that a bid is imminent.

Insurance brokers featured Sedgwick which jumped 5 to 240p after a "buy on weakness" recommendation from BZW.

Brewery stocks perked up after a period of under-performance. Vaux stood out with a gain of 17 to 627p – a buyer exposed a severe shortage of stock.

Guinness fell 2 to 342p on turnover of 3m shares. Louis Vuitton Moet Hennessy was thought to have bought another million shares at 345p.

British Aerospace were temporarily suspended at 470p, up 4. The market is now awaiting the company's response to the European Commission's revised terms for the acquisition of Rover, the UK car Group. Views were mixed on the possible outcome, with one source suggesting that the current BAe share price is overvalued if the new terms are accepted.

Christies International provided one of the day's best features, advancing strongly to close 25 higher at 569p. UBS Phillips & Drew has upgraded its current year forecast for the group from £31m to £35m.

BET were briskly traded (2.6m shares changed hands) before closing 6 to the good at 283p. Hoare Govett were keen buyers yesterday on the view that the shares are undervalued, particularly in view of the forthcoming sale of Argus Press. Interest in Rank Organisation remained at a relatively low level awaiting today's interim figures. Volume was well under 1m shares, but the price gradually nudged higher to close 7 dearer at 740p. Analysts' pre-tax profits forecasts range from £102m to £107m.

Johnson Matthey revived with a gain of 15 at 385p after recent uncertainty which reflected doubts about an outright bid from Cookson in the wake of the latter's bid for Wolstenholme Rink. Dobson Park, reflecting news of the proposed sale of Marathon Industries for approximately 35.77m were a firm market at 102½p.

Yale & Valor rose 19 more to 445p, after 454p at one stage. Dealers said there was continued buying interest, with 1.7m shares trading on Tuesday and more turnover was reported yesterday.

In a Stores sector buoyed by activity in Sears and Dixons, jewellery retailers Ratners shone with a 10 point surge to 258p as the company prepares to launch a major American roadshow next week to coincide with the placing of its ADR's in the US market on Monday. Storehouse, a popular bid stock, firmed 6 to 244p on turnover of 5.2m in sympathy with the speculation in Sears.

Woolworth rose 7 points to 283p in thin trading, and Harris Queensway continued its recent run in the wake of the Gulliver deal to close 3 better on 186p. Mr James Gulliver, it transpires, has been impressing institutions of late with his plans for the carpets and furniture group.

Ferranti continued to perform strongly in the electronics with the stock up 2½ to 91½p on turnover of 8.6m ahead of today's preliminary figures which Flemings forecast should come out at £71.2m against last time's £50.2m. Warburgs go for £71m.

STC, still helped by the recent spate of upgraded profits forecasts and scheduled to announce interim figures later this month, jumped 9 more to 299p.

Second-liners provided outstanding performers in Unitech, where bid talk prompted heavy buying and lifted the shares 7 more to 205p, and Eurotherm, the same amount up at 403p in front of Tuesday's interims. The recent Hoare Govett "buy" boosted Albo more to 107p.

Bush and Tomkins featured a rise of 15 at 280p, after 285p in response to the good preliminary figures. Elsewhere in the Building sector, Meyer ran into fresh profit-taking and eased 8 to 419p. In contrast, Blue Circle Industries, a current speculative favourite, reacted to 447p initially, but recovered to close a few pence firmer on balance at 456p. Volume, however, was low with only just over half a million shares traded. A good trade developed in Tarmac (some 3m shares changed hands) following an upgrading from James Capel.

Nurdin & Peacock jumped 10 to 162p amid rumours that a stake might be changing hands, with Booker mentioned in this context. This follows the recent boost given to the shares by Booker's purchase from Dee Corporation of cash-and-carry subsidiary Linfood. Cadbury rose 8 to 399p, encouraged by the RHM situation – 3.1m shares were traded. Asda remained out of favour and fell 2 to 149p, but turnover was high at 6.5m shares.

Jaguar eased afresh to 300p, down 9, as recent stake building rumours faded into the background.

In a moribund Property sector Priest Marians rose 10 to 410p on speculation over the intentions of chairman Mr Simon Fussell, who in the past months has built up a 29.67 per cent stake in the ordinary shares, plus a sizeable holding in the convertible loan stock. A management buy-out is not being discounted by market-makers, and as one dealer put it: "He must be thinking of doing something with close to 30 per cent of the company."

Business in the Traded Options Market was quiet ahead of Friday's US trade figures with only 29,020 contracts (16,184 calls and 6,836 puts) traded during the day. Highlights were British Gas, with 1,645 calls and 1,235 puts, and Sears, with 2,063 calls and 180 puts.

FINANCIAL TIMES STOCK INDICES

	July 13	July 12	July 11	July 8	July 7	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	87.82	87.78	87.98	87.90	88.02	90.95	91.43 (18/4)	86.97 (13/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.34	97.27	97.43	97.38	97.11	98.29	98.67 (25/3)	94.16 (8/2)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1500.8	1494.3	1510.5	1506.8	1484.2	1908.6	1510.5 (11/7)	1349.6 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	218.1	217.5	218.5	221.6	218.5	414.6	312.5 (7/1)	195.4 (13/5)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.48	4.50	4.45	4.46	4.53	3.02				
Earnings Yld. % (full)	11.37	11.42	11.29	11.33	11.49	7.32				
P/E Ratio (net)(*)	10.71	10.66	10.78	10.75	10.60	16.78				
SEAQ Bargains (5pm)	23,962	25,385	28,556	27,320	25,338	61,528				
Equity Turnover (£m)	-	985.17	986.32	1288.97	1445.07	2458.30				
Equity Bargains	-	28,060	31,599	26,970	26,834	72,719				
Shares Traded (ml)	-	370.0	446.5	451.1	474.2	965.5				

S.E. ACTIVITY

Indices	July 12	July 11
Gilt Edged Bargains	133.5	146.9
Equity Bargains	181.8	204.7
Equity Value	1991.3	1993.6
5-Day average		
Gilt Edged Bargains	156.1	168.6
Equity Bargains	180.8	174.8
Equity Value	2408.5	2441.8

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1493.9	1495.6	1494.7	1495.7	1497.1	1497.4	1499.2	1501.4

Day's High 1502.1 Day's low 1493.8

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974. * Nil=10.61.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

Traditional Options

● First dealings July 11
● Last dealings July 22
● Last declarations Oct 13
● For Settlement Oct 24

For rate indications see end of London Share Service

Dealers reported a quiet day in the traditional option market. Stocks favoured for the call included Singer and Friedlander, Boots, Glaxo, Norfolk Capital, Dares Estates, and Britannia Arrow. No puts were reported, but a double option was arranged in Singer and Friedlander.

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (100). AMERICANS (2) BANKS (5) BREWERS (5) BUILDINGS (6) CHEMICALS (2) STORES (5) ELECTRICALS (10) ENGINEERING (4) FOODS (5) INDUSTRIALS (25) INSURANCE (7) LEISURE (7) MOTORS (3) NEWSPAPERS (2) PAPERS (3) PROPERTY (10) SHIPPING (1) TEXTILES (1) TRUSTS (24) OILS (3) MINES (3) THIRD MARKET (2).

NEW LOWS (7). [illegible]

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	65	29	19
Corporations, Dominion and Foreign Bonds	15	1	37
Industrials	405	322	854
Financial and Properties	174	122	356
Oils	25	16	57
Plantations	0	0	13
Mines	42	51	86
Others	40	139	82
Totals	765	681	1,514

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Wednesday July 13 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1988 to date	Tue Jul 12 Index No.	Mon Jul 11 Index No.	Fri Jul 8 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (208)	809.16	+0.5	9.85	3.91	12.59	13.72	804.88	810.59	809.45	1032.27
2 Building Materials (29)	1018.31	+0.5	11.06	4.15	11.12	18.34	1013.35	1030.85	1030.78	1368.34
3 Contracting, Construction (36)	1577.46	-0.4	10.39	3.41	12.58	26.35	1584.48	1593.52	1589.52	2946.74
4 Electricals (12)	2173.21	+0.9	8.67	4.58	14.26	48.15	2157.43	2159.34	2129.88	2695.98
5 Electronics (31)	1768.85	+1.1	9.50	3.36	13.51	21.30	1749.38	1749.88	1757.47	2183.52
6 Mechanical Engineering (56)	427.88	+0.4	9.46	4.09	13.18	8.05	426.03	427.51	426.95	548.98
8 Metals and Metal Forming (7)	505.87	-1.3	9.19	3.78	13.42	7.95	508.81	505.64	505.80	589.82
9 Motors (14)	285.19	-0.4	12.48	4.50	10.09	5.22	286.23	288.71	286.28	481.65
10 Other Industrial Materials (23)	1334.72	+0.8	8.75	4.16	13.67	25.61	1323.61	1338.61	1338.77	1708.64
21 CONSUMER GROUP (187)	1104.86	+0.7	8.94	3.65	14.26	16.74	1096.94	1107.46	1105.83	1395.05
22 Brewers and Distillers (21)	1124.47	+0.4	10.59	3.62	11.91	15.97	1120.03	1134.18	1132.98	1262.74
25 Food Manufacturing (22)	1001.59	+0.5	8.67	3.61	14.77	17.87	996.98	997.92	1002.45	1098.46
26 Food Retailing (16)	2000.41	+1.1	8.47	3.53	15.37	21.46	2002.24	2021.56	2024.99	2622.88
27 Health and Household (12)	1886.17	+1.5	6.60	2.59	17.59	17.98	1876.60	1906.54	1885.27	2661.81
29 Leisure (30)	1350.45	+0.4	8.47	3.69	14.46	24.33	1345.48	1364.27	1348.12	1464.79
31 Packaging & Paper (17)	533.50	+0.8	9.12	3.77	14.08	9.15	529.40	536.35	537.68	735.88
32 Publishing & Printing (18)	3528.67	+0.5	8.08	4.33	15.62	78.60	3502.52	3591.45	3544.13	4516.75
34 Stores (34)	818.85	+2.2	10.12	3.93	13.07	14.50	801.03	806.74	806.68	1145.98
35 Textiles (17)	607.19	+0.4	11.35	4.48	10.55	12.34	604.69	612.29	614.33	876.87
40 OTHER GROUPS (93)	915.02	+0.4	10.67	4.26	11.50	12.80	909.93	917.26	916.98	1185.52
41 Agencies (19)	1191.87	-0.5	7.32	2.29	17.25	12.99	1194.11	1204.59	1193.61	1786.84
42 Chemicals (21)	1092.98	+0.8	11.85	4.30	11.28	22.54	1084.65	1097.84	1096.91	1458.23
43 Conglomerates (13)	1216.77	+0.9	10.27	4.37	11.26	28.98	1206.14	1224.46	1227.15	1534.22
45 Shipping and Transport (12)	1915.56	+0.4	11.17	4.67	11.85	34.04	1901.59	1908.47	1908.56	2452.74
47 Telephone Networks (2)	994.04	+0.3	11.29	4.40	11.58	2.32	991.43	993.83	986.71	1159.41
48 Miscellaneous (26)	1197.58	+0.8	11.23	4.30	10.16	28.41	1188.28	1198.43	1195.55	1709.88
49 INDUSTRIAL GROUP (488)	988.57	+0.6	9.64	3.84	12.92	14.90	982.49	990.94	989.76	1268.28
51 Oil & Gas (12)	1846.20	+0.7	10.84	5.77	11.86	39.80	1833.58	1852.22	1859.72	2429.76
59 500 SHARE INDEX (500)	1061.30	+0.7	9.81	4.11	12.76	17.84	1054.48	1064.28	1063.47	1359.57
61 FINANCIAL GROUP (122)	719.46	+0.5	-	4.73	-	15.23	715.92	717.01	715.35	886.44
62 Banks (8)	688.51	+0.8	20.80	6.10	6.45	18.83	682.75	683.85	685.13	878.89
65 Insurance (Life) (8)	1048.74	+0.4	-	4.69	-	24.97	1044.46	1048.34	1076.82	1165.24
66 Insurance (Composite) (7)	557.88	+0.1	-	5.30	-	21.30	557.11	557.29	557.28	686.54
67 Insurance (Brokers) (7)	1012.98	+1.2	9.51	6.29	13.58	31.54	1000.60	1007.89	1008.87	1345.91
68 Merchant Banks (11)	362.71	+1.9	-	3.98	-	7.03	355.86	363.59	363.51	496.56
69 Property (51)	1246.89	+0.2	4.96	2.60	25.86	13.26	1244.06	1258.17	1258.81	1353.66
70 Other Financial (30)	395.42	+0.3	10.88	4.77	12.55	8.97	394.21	391.39	398.11	589.67
71 Investment Trusts (78)	935.58	+0.5	-	2.92	-	11.85	931.14	931.77	929.41	1143.59
81 Mining Finance (2)	528.39	-1.8	9.14	3.74	12.37	8.12	523.13	532.27	539.73	600.23
91 Overseas Traders (8)	1180.35	+0.6	9.78	4.73	12.81	29.22	1173.34	1193.57	1203.14	1173.54
99 ALL-SHARE INDEX (710)	972.51	+0.6	-	4.17	-	16.35	966.41	974.18	973.43	1227.41

	Index No.	Day's Change	Day's High	Day's Low	Jul 12	Jul 11	Jul 8	Jul 7	Year ago
FT-SE 100 SHARE INDEX ♦	1871.3	+12.8	1871.5	1858.5	1858.5	1876.8	1877.2	1855.5	2419.2

FIXED INTEREST

PRICE INDICES	Wed Jul 13	Day's change %	Tue Jul 12	xd adj. today	xd adj. 1988 to date
British Government					
1 5 years	120.78	+0.09	120.67	-	6.14
2 5-15 years	136.62	+0.07	136.53	-	7.17
3 Over 15 years	147.08	+0.07	146.98	-	6.88
4 Irredeemables	162.98	+0.02	162.94	-	7.30
5 All stocks	134.08	+0.07	133.98	-	6.81
Index-Linked					
6 5 years	128.11	-0.03	128.14	-	1.12
7 Over 5 years	119.84	-0.32	120.22	-	1.89
8 All stocks	120.36	-0.29	120.71	-	1.82
9 Debentures & Loans	117.68	+0.38	117.23	-	6.47
10 Preference	93.59	-	93.59	-	3.31

AVERAGE GROSS REDEMPTION YIELDS		Wed Jul 13	Tue Jul 12	Year ago (approx.)
British Government				
1 Low Coupons	5 years	9.54	9.57	8.13
2	15 years	9.46	9.46	8.99
3	25 years	9.22	9.23	8.98
4 Medium Coupons	5 years	10.01	10.03	8.82
5	15 years	9.69	9.69	9.32
6	25 years	9.42	9.43	9.12
7 High Coupons	5 years	10.09	10.12	9.11
8	15 years	9.86	9.86	9.27
9	25 years	9.50	9.49	9.07
10 Irredeemables		9.48	9.62	8.81
Index-Linked				
11 Inflation rate 5%	5yrs.	2.67	2.65	2.54
12 Inflation rate 5%	Over 5 yrs.	3.90	3.88	3.75
13 Inflation rate 10%	5yrs.	1.72	1.70	2.07
14 Inflation rate 10%	Over 5 yrs.	3.74	3.72	3.70
15 Debs & Loans	5 years	10.83	10.86	10.13
16	15 years	10.88	10.85	10.13
17	25 years	10.88	10.85	10.13
18 Preference		9.62	9.62	10.24

♦Opening index 1858.5; 10 am 1862.9; 11 am 1862.4; Noon 1863.7; 1 pm 1864.7; 2 pm 1865.3; 3 pm 1867.6; 3.30 pm 1869.2; 4 pm 1869.4

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option	Calls			Puts		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

July 13 Total Contracts 23,020 Calls 16,184 Puts 6,836
FT-SE Index Calls 1645 Puts 1235
*Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+or-	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

WORLD STOCK MARKETS

AUSTRIA | FRANCE | GERMANY (continued) | NETHERLANDS (continued) | SWEDEN (continued)

BELGIUM/LUXEMBOURG | DENMARK | FINLAND | ITALY | NORWAY | SPAIN | SWITZERLAND | SOUTH AFRICA | SWEDEN | GERMANY

CANADA

TORONTO
2pm prices July 13

JAPAN | AUSTRALIA (continued) | HONG KONG | AUSTRALIA | SINGAPORE

OVER-THE-COUNTER

Nasdaq national market, 3pm prices July 13

Continued from page 37

CHIEF LONDON PRICE CHANGES YESTERDAY

TOKYO - Most Active Stocks
Wednesday 13 July 1988

	Stocks Traded	Closing Prices	Change on day
NKK	244.62m	910	+20
Mitsubishi Heavy Ind	235.51m	990	+13
Kobe Steel	182.27m	618	+18
Toshiba	140.53m	1,060	+30
Nippon Steel	139.25m	711	+2
Mitsui Engineering	135.33m	660	+30
Kawasaki Steel	84.44m	736	-5
Japan Line	78.76m	420	+17
Nissan Motor	64.79m	1,260	+30
Sumitomo Metal	62.80m	628	+9

INDICES

NEW YORK DOW JONES

CANADA TORONTO

NEW YORK ACTIVE STOCKS

Closing prices July 13

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld. %	P/E Ratio	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

— A-A-A —

AAR s, ACMIn, ACMSc, ACMSp, ACS, AMCA, AM Inti, AMR, ARX, ASA, AVX, AbtLab, AcmeC ... [illegible]

— B-B-B —

BCE g, BET n ... [illegible]

— C-C-C —

CBI In ... [illegible]

— D-D-D —

DCNY ... [illegible]

— E-E-E —

[illegible]

— F-F-F —

FGIC ... [illegible]

— G-G-G —

GAF ... [illegible]

— H-H-H —

[illegible]

— I-I-I —

[illegible]

— J-J-J —

[illegible]

— K-K-K —

[illegible]

— L-L-L —

[illegible]

— M-M-M —

[illegible]

— N-N-N —

NAFCO ... [illegible]

— O-O-O —

[illegible]

— P-Q —

[illegible]

— R-R-R —

[illegible]

Continued on Page 37

NYSE COMPOSITE PRICES

Continued from previous Page

[illegible]

AMEX COMPOSITE PRICES

Closing prices July 13

[illegible]

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OVER-THE-COUNTER

Nasdaq national market, 3pm prices July 13

[illegible]

Continued on Page 35

FINANCIAL TIMES Thursday July 14 1988

AMERICA

Dividend strategies boost trade in uncertain session

Wall Street

EQUITIES rose modestly yesterday, continuing to vacillate with no overall trend, *writes Janet Bush in New York.*

So far this week, the stock market has changed direction on each successive day, rising on Monday, falling on Tuesday and gaining ground again yesterday, leaving the market little changed.

The Dow Jones Industrial Average closed on Friday at 2,106.15. The index closed yesterday 11.73 points higher at 2,104.37. Volume was active with 219m shares being traded, a total boosted by dividend-capture strategies.

US Treasury bonds had a mixed and rather volatile day. By midsession, prices had been quoted as much as ¼ point higher. By late trading, short-dated maturities had held onto gains of as much as ⅛ point but there was significant slippage at the long end of the yield curve. The Treasury's benchmark long bond was quoted nearly ¼ point lower for a yield of 9.184 per cent compared with Friday's closing yield of 9.1 per cent.

There seemed to have been some confusion in the response of markets to the testimony by Mr Alan Greenspan, Federal Reserve Board chairman, before the Senate Banking Committee.

The testimony contained no one clear point of view. As expected, Mr Greenspan focused on the need to contain inflationary pressures. He said: "Considering the already limited slack in available labour and capital resources, a leveling of the unemployment and capacity utilisation rates is essential if more intense inflationary pressures are to be avoided in the period ahead."

That suggested the Fed would make further moves to slow down economic growth and Mr Greenspan stated that Fed policy "might well be advised to err more on the side of restrictiveness rather than of stimulus." The Senate Banking Committee interpreted this as pointing to higher interest rates.

However, at the same time, Mr Greenspan said that tightening moves already undertaken by the Fed had set the stage for containing inflation. These remarks were taken somewhat negatively by some bond market participants.

Once the hurdle of Mr Greenspan's testimony was surmounted, the markets turned to thinking about Friday's release of a number of major economic indicators, including May merchandise trade figures and June industrial production and producer prices.

Yesterday saw the release of several corporate results. CBS, the television and radio network, fell $¼ to $157½, reversing an early gain. It announced net earnings from continuing operations in the second quarter of $5.01 a share compared with $2.95 a year earlier.

Two paper companies reported results yesterday. Georgia-Pacific slipped $⅜ to $40 after news of net income of $1.21 a share in the second quarter compared with $1.35 a year earlier, income which had included a special gain of 34 cents a share from the sale of its remaining interest in Georgia Gulf Corp. Mead Corp added $¼ to $36¼ on news of net earnings in its second quarter of $1.12 a share compared with 82 cents a year earlier.

Bear Stearns slipped $¼ to $12⅞ on news that the company has filed for an offering by certain selling shareholders of 3m shares.

Dow Chemical added $¼ to $87¾ after the company's announcement of a 10 cents increase in its quarterly dividend to 70 cents a share.

Unisys dropped $⅞ to $34⅝. The company, which has been named in connection with the Pentagon procurement scandal, could face criminal charges for allegedly overcharging the US Army.

Canada

SHARE prices in Toronto, led by gold issues, closed slightly higher in mixed trading.

The composite index, which had fallen about 11 points in earlier trading, gained 2.2 to 3419.8. Declines led advances by 406 to 327 on turnover of 18.7m shares.

Regulatory changes in store for Hong Kong

HONG KONG'S stock market is the second biggest in Asia in terms of market capitalisation, way behind the giant Tokyo market but approximately three times bigger than Singapore.

The market has performed strongly this year, with the bellwether Hang Seng Index (HSI) rising some 19 per cent to close yesterday just off its year's high at 2,744.85. Last year it slumped to a low of 1,895 on December 7, having shed more than 50 per cent of its pre-crash high of nearly 4,000.

The top 10 stocks account for roughly 49 per cent of the market's HK$537bn ($69bn) capitalisation, and there are a total of 371 companies listed on the exchange. The HSI covers 33 stocks and the Hong Kong Index, launched when four former stock exchanges were merged into one in April 1986, is more broadly-based, covering 49 issues.

The stock exchange opens for trading at 10 am, closes from 12.30 pm to 2.30 pm and finishes the day at 3.30pm. There is no after-hours trading, and there are no secondary or over-the-counter markets. Nine bonds are traded on the stock exchange.

The exchange has had a fully computerised pricing system since it opened in April 1986. Settlement is currently made on a 24-hour basis, with physical delivery of scrip between brokers. Work is underway to introduce an electronic central clearing system, which should be operational in 18 months to two years time.

A special committee, set up by the colonial government to review regulation and operation of the securities markets following last October's four-day closure of the stock exchange and the HK$2bn collapse of the futures exchange, has proposed the introduction of three-day settlement.

Confidence has progressively returned to the market this year, though it remains a hostage to the fortunes of Wall Street. Volumes have picked up, with average daily turnover for the period to the beginning of June at HK$1.1bn. Last year, average daily turnover was HK$1.5bn, although in the months before the crash it had frequently topped HK$4bn.

There are generally no restrictions on foreign share ownership, although new licensing rules introduced in March will in future limit foreigners to a maximum 10 per cent holding in the territory's two listed television companies.

At present, shareholders can build stakes of up to 35 per cent before being required to reveal their hand and launch a bid. But new laws are expected to be in place by July 20 that will require the disclosure of shareholdings of above 10 per cent in local companies.

The laws will also require large shareholders, or executives in listed companies, to notify within five days of transactions involving more than 1 per cent of a company's issued capital.

They embody powers to investigate companies which are shareholders, and to force disclosure of the beneficial ownership of nominee holdings. Voting rights can be suspended if a nominee refuses to give details of beneficial ownership.

Hong Kong does not tax dividends paid to local or overseas investors as these are deemed to have been paid out of taxed profits. There is also no capital gains tax.

No official figures are available on the percentage of market capitalisation that is freely tradeable, but analysts estimate that about 35 per cent of the HSI constituent stocks and some 30 per cent of the market as a whole are freely traded.

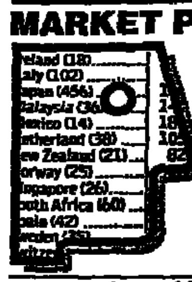
One company, Hong Kong Telecommunications, controlled by Britain's Cable and Wireless, accounts for about 17 per cent of the HSI, but currently only 9 per cent of its stock is held by the public. It plans to offer a further 11 per cent later this year.

The market is controlled by brokers, with an estimated 20 per cent of trades handled by the six biggest houses, some of which are owned by banks. The liberalisation of the financial system in recent years has allowed banks directly into the market.

A profile of New Zealand appeared in yesterday's paper. Tomorrow the Singapore market will be featured.

Kevin Hamlin

MARKET PROFILE



Hong Kong

STOCK MARKET FACT CHART HONG KONG

Market capitalisation: HK$537bn ($1=HK$7.82, £1=HK$13.20)
Number of shares listed: 371
Top 10 stocks, percentage of market: 49%
Trading hours: official — 10 am-12.30 pm; 2.30 pm-3.30 pm; no after hours trading
Average daily turnover, first five months 1988: HK$1.1bn
Main indices: Hang Seng (33 stocks), Hong Kong (49 stocks)
Current level of index (Hang Seng): 2,744.85; 1988 high: 2,772.53 (12/7); 1988 low: 2,223.58 (8/2)
Settlement: 24 hours

Address: 1/F, Exchange Square, Tower One, 8, Connaught Place, Central Hong Kong. Tel: (852)-5-221122

EUROPE

Bargain-hunters provide light relief in thin volume

BARGAIN-HUNTING helped to lift share prices off their lows in leading European bourses yesterday, but most finished easier and turnover remained depressed by the wait for tomorrow's US trade figures, *writes Our Markets Staff.*

FRANKFURT encountered further selling pressure as investors used the weakness on Wall Street and a slight easing in the dollar to take profits. The belief that interest rates are set to rise further also weighed on sentiment. But there was some bargain-hunting at lower levels.

The FAZ index at midsession was down 5.55 at 483.20, while the DAX index ended 11.74 lower at 1,172.80. Volume edged down further to DM2.73bn worth of West German shares from DM2.78bn on Tuesday.

The dollar's easier tone hit car stocks, with Daimler falling DM12.50 to DM770 after sharp gains last week and at the start of this week. The dollar was fixed at DM1.8402 from DM1.8409 on Tuesday amid further Bundesbank selling of the US currency.

The banks were also easier, although some analysts believe they should benefit from a further rise in interest rates as the growth in economic investment leads to greater borrowing.

Among retailers, Asko, a relatively illiquid stock, rose a further DM10 to DM834 before its annual press conference, which was later reported sharply higher annual group profits.

Bonds edged lower, with the yield on the 6¼ per cent 1998 federal bond reaching 6.710 per cent from 6.705 per cent.

PARIS had another quiet day overall with many traders taking an early long weekend before today's Bastille Day holiday. Shares closed lower, with the EFX 50 index off 4.63 at 351.60.

Pernod moved into the limelight, dropping FFr57, or 5.4 per cent, to FFr997 after a Paris appeal court ruled that Coca-Cola of the US was not obliged to renew its production and distribution contract with the French drinks group.

The decision, reversing an earlier ruling by a commercial court, put into question Pernod's strategy for future growth, which had rested on the soft drinks side, said one analyst. Volume was high in Pernod, with 86,400 shares changing hands.

LVMH, still active with 57,400 shares dealt, added a further FFr48 to FFr2,870 as a bit of speculative interest remained in the luxury goods group. Financière Agache, which with Guinness of the UK is taking a 24 per cent stake in LVMH, has said it wants to boost its holding to a blocking minority of about 30 per cent, and the market is still unclear about the group's future.

Carmaker Peugeot, which said it expected record production this year but warned that the next two years would be more difficult because of overall market conditions, fell FFr34 to FFr1,221.

MILAN ended marginally higher in low volume, with continued interest in the Fiat group, notably from abroad. The Comit index rose 0.35 to 510.02.

The market is awaiting the US trade figures and news of government plans to tackle the budget deficit. Mr Giuliano Amato, the Treasury Minister, said rapid action was needed to cut the deficit and avoid a financial crisis.

In the Fiat group, Fiat itself rose L21 to L9,460, while automotive components subsidiary Magnetti Marelli gained L34 to L2,944. Gilardini, an engineering subsidiary, put on L275 to L12,975 and Snia, the defence and textiles unit, gained L56 to L2,379 on continued rumours of possible co-operation with Daimler of West Germany, or a link-up with defence interests in the UK.

One analyst said foreign interest in Italy, especially from the US, West Germany and the UK, had been growing over the past week to 10 days and that the Fiat group was seen from abroad as a solid investment.

Elsewhere, Pirelli rose L54 to L2,639 following its acquisition of Filergie, a French cable maker. The purchase was seen as a move by Pirelli to strengthen its position in Europe after its failed bid for Firestone of the US earlier this year.

ZURICH saw busy afternoon trading after a quiet morning of profit-taking which took prices to bargain-hunting levels. Shares ended down but off their lows.

MADRID lost ground in low volumes affected still by the wait for tomorrow's domestic inflation figures and the US trade data. The general index eased 0.34 to 295.65.

Highly-geared utilities rose, however, helped by money supply figures for last month in line with government targets, news seen as relatively positive for interest rates, which are not expected to be raised.

BRUSSELS closed lower in weak volume. The 0.25 point rise in Belgium's discount rate and the second rise in two days in the key three-month treasury certificate rate hit sentiment.

STOCKHOLM closed slightly lower in reaction to declines on Wall Street and rising short-term money market yields.

London

AFTERNOON rumours of a possible "dawn raid" on merchant bank Morgan Grenfell today helped take share prices to a higher close, with the FT-SE 100 index climbing 12.8 to 1,871.3, aided by selective buying support. International stocks had a quiet day, however.

ASIA

Nikkei lurches nervously in high turnover

Tokyo

HEAVY trading in large-capital stocks sent turnover soaring in Tokyo yesterday, but shares ended an erratic session lower amid nervousness over the level of prices and the US trade figures due tomorrow, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average ended 79.74 points lower at 28,020.10. Its high for the day was 28,178.80 against a low of 27,909.15.

Turnover was extremely heavy with 2.19bn shares changing hands compared with Tuesday's 1.96bn shares. Losses outpaced gains by 617 to 281, with 147 issues unchanged.

In later trading of Japanese shares in London, the ISE/Nikkei 50 index shed 2.56 from the Tokyo close to 1,767.10.

In Tokyo, investors repeatedly traded large-capital stocks to earn quick profits before today's meeting of the West German Bundesbank council and tomorrow's release of the May US merchandise trade figures.

Giant-capitals dominated the list of the 10 most active stocks and their combined trading volume accounted for as much as 63 per cent of the total volume.

NKK topped the active list with 244.62m shares changing hands and gained Y20 to Y710, surpassing the Y700 mark for the first time. Nippon Steel, which declined Y6 at one stage, ended Y2 higher at Y711, while Kawasaki Steel finished Y5 lower at Y736 after losing Y21 briefly. Kobe Steel rose Y18 to Y618. Nippon Steel was the fifth most active stock with 139.25m shares, Kawasaki Steel seventh with 84.44m shares and Kobe Steel third with 182.27m shares.

Shipbuilding stocks were also traded briskly. Mitsubishi Heavy Industries, the second busiest issue with 235.51m shares traded, advanced Y13 to Y990. Mitsui Engineering and Shipbuilding finished Y30 higher at Y660 after falling Y13.

Among heavy electricals, Toshiba, the fourth most active stock with 140.53m shares, rose Y30 to Y1,060, bolstered by increasing demand for semiconductor chips. But Mitsubishi Electric dipped Y5 to Y946 and Hitachi Y10 to Y1,590.

Ishikawajima-Harima Heavy Industries and Mitsubishi Steel added Y40 to Y1,130 and Y300 to Y2,210 respectively on interest in their links with the redevelopment of the Tokyo Bay area. Buying interest in car stocks remained strong, with Nissan Motor rising Y30 to an all-time high of Y1,260. Toyota Motor closed Y80 higher at Y2,640.

Among other popular issues, Japan Lines and Nippon Thompson, both speculative issues, gained Y17 to Y420 and Y200 to Y1,430 respectively.

Bond prices moved narrowly in cautious trading. Investors retreated to the sidelines, awaiting yesterday's congressional testimony by Mr Alan Greenspan, Federal Reserve Board chairman, as well as the Bundesbank meeting and US trade data. Dealers also shied away from the market.

As a result, the yield on the benchmark 5.0 per cent government bond, falling due in December 1997, moved in a narrow range of 5.025 per cent to 5.085 per cent, ending at the day's low of 5.025 per cent, compared with 5.045 per cent at Tuesday's close.

In Osaka, prices were depressed by the overnight decline on Wall Street. The 250-issue OSE stock average closed 61.85 points lower at 27,958.95 on an estimated volume of 231m shares, up 60m from the previous day.

Nintendo plunged Y410 to Y9,890, while Omikenshi closed Y50 lower at Y1,050. But Osaka Soda soared Y220 to match its all-time high of Y2,420.

Australia

THE LOSSES on Wall Street on Tuesday and concern over short-term commodity price movements left equities lower. The All Ordinaries index shed 5.5 to 1,620.4 in moderate turnover worth A$199m.

BHP went against the market trend, rising 8 cents to A$8.48 on 1.96m shares traded after Bell Resources said it had rejected a bid for 60m BHP shares it holds.

Adelaide Steamship was up 27 cents at A$7, reportedly on interest in the company's bank investments, but turnover was only about 76,000 shares. Elders IXL saw 3.6m shares and nearly 2m options traded, adding 3 cents to A$3.34.

Heavyweight resources turned lower in active trading on weaker prices for gold, base metals and oil. Comalco fell 18 cents to A$4.58 and Western Mining shed 8 cents to A$6.36 on just over 2m shares traded.

Hong Kong

CAUTION over Wall Street's fall and the imminent US trade figures held buyers back, and profit-taking left the Hang Seng index down 27.88 at 2,744.85 in turnover worth HK$1.13bn compared with Tuesday's HK$1.09bn.

Utilities were the hardest hit. Hongkong Telecom shed 20 cents to HK$6.90 after the Government decided to permit a competing network and to forbid the group from using its existing telephone network to transmit cable television. Rival group Hutchison, the telecommunications unit of which heads a consortium that has fought HK Telecom's local monopoly, rose 5 cents to HK$9.50.

New World Hotel was the most active stock as big buy orders pushed it up 25 cents to HK$7.20 on 21.1m shares.

Singapore

HARDWARE problems with the new electronic trading system kept turnover at a low 14m shares and prices ended mixed. The Straits Times industrial index edged up 1.94 to 1,109.19.

Retail investors sought lower-priced stocks such as DBS Land, up 2 cents at S$1.22 on 1.02m shares, and Tan Chong, also 2 cents higher at 69½ cents on 675,000 shares.

SOUTH AFRICA

ANTICIPATION of an announcement from the Reserve Bank on possible moves to boost the weak financial rand added some cheer to the market and gold shares closed generally firmer in Johannesburg.

Randfontein climbed R5 to R285 and Harties put on 50 cents to R21.25.

Mining house Anglo American added R1 to R57.25.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JULY 13 1988					TUESDAY JULY 12 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (89)	146.52	+0.3	128.46	122.30	3.64	146.05	127.71	122.59	150.35	91.16	144.99
Austria (16)	86.10	-0.6	75.49	82.67	2.51	86.64	75.76	82.77	98.18	83.72	89.22
Belgium (63)	115.74	-1.0	101.48	111.32	4.53	116.86	102.19	111.82	139.89	99.14	125.50
Canada (129)	126.71	+0.1	111.09	110.92	3.03	126.52	110.63	110.85	128.91	107.06	137.68
Denmark (39)	126.22	-1.7	110.67	120.77	2.40	128.45	112.32	122.24	132.72	111.42	115.86
Finland (26)	128.70	+0.4	112.84	118.22	1.45	128.16	112.06	117.59	139.53	106.78	–
France (129)	93.10	-2.0	81.63	90.91	3.57	95.00	83.07	92.32	99.62	72.77	110.49
West Germany (100)	75.42	-1.7	66.13	72.34	2.56	76.72	67.09	73.29	80.79	67.78	99.94
Hong Kong (46)	111.07	-0.7	97.38	111.48	4.11	111.86	97.81	112.27	111.86	84.90	130.23
Ireland (18)	136.26	-0.2	119.47	132.23	3.59	136.47	119.33	131.66	141.54	104.60	145.41
Italy (102)	70.30	-0.4	61.64	71.82	2.80	70.59	61.72	71.80	81.74	62.99	95.00
Japan (456)	164.29	-0.7	144.04	138.01	0.52	165.37	144.60	138.61	177.27	133.61	134.69
Malaysia (36)	149.11	-0.2	130.73	150.69	2.44	149.41	130.65	150.97	153.14	107.83	186.48
Mexico (13)	161.64	-3.5	141.72	404.09	1.35	167.53	146.50	419.28	180.07	90.07	285.58
Netherland (38)	103.22	-0.7	90.50	98.13	4.71	103.97	90.91	98.37	110.66	95.23	126.56
New Zealand (21)	80.17	+0.4	70.29	62.93	5.67	79.83	69.80	62.79	84.05	64.42	105.32
Norway (25)	118.48	-0.3	103.88	107.91	2.80	118.88	103.95	107.91	132.23	98.55	149.01
Singapore (26)	125.32	-0.2	109.88	118.39	2.18	125.53	109.77	118.48	125.56	97.99	159.77
South Africa (60)	125.22	+1.4	109.79	95.21	4.61	123.49	107.98	94.72	139.07	118.10	174.97
Spain (43)	149.97	-0.5	131.49	139.01	3.20	150.80	131.86	138.97	164.47	130.73	126.09
Sweden (35)	117.33	-1.0	102.87	110.25	2.59	118.51	103.63	111.01	125.50	96.92	120.48
Switzerland (55)	79.56	-1.2	69.75	75.54	2.27	80.55	70.43	76.08	86.75	75.60	100.18
United Kingdom (325)	131.89	+0.4	115.63	115.63	4.32	131.34	114.85	114.85	141.18	123.09	161.45
USA (583)	109.91	+0.4	96.36	109.91	3.56	109.44	95.70	109.44	112.47	99.19	126.73
Europe (1014)	105.26	-0.5	92.29	97.21	3.70	105.75	92.47	97.30	110.82	97.01	127.89
Pacific Basin (674)	161.41	-0.6	141.52	136.15	0.71	162.41	142.01	136.72	172.26	130.81	134.91
Euro-Pacific (1688)	138.96	-0.6	121.84	120.62	1.63	139.76	122.21	121.01	147.53	120.36	132.15
North America (712)	110.81	+0.4	97.15	109.99	3.53	110.35	96.50	109.55	113.29	99.78	127.32
Europe Ex. UK (689)	88.72	-1.2	77.79	85.72	3.16	89.83	78.55	86.39	92.99	80.27	107.04
Pacific Ex. Japan (218)	126.78	+0.0	111.16	112.79	3.79	126.81	110.88	113.18	128.15	87.51	137.63
World Ex. US (1890)	138.43	-0.5	121.37	120.18	1.70	139.17	121.69	120.54	146.49	120.26	132.91
World Ex. UK (2148)	126.94	-0.3	111.30	116.69	2.10	127.30	111.32	116.86	131.77	111.77	127.44
World Ex. So. Af. (2413)	127.38	-0.2	111.68	116.73	2.29	127.67	111.64	116.81	132.39	113.26	130.18
World Ex. Japan (2017)	109.67	+0.1	96.15	105.71	3.61	109.56	95.81	105.51	112.43	100.00	128.48
The World Index (2473)	127.37	-0.2	111.67	116.58	2.31	127.65	111.62	116.66	132.38	113.37	130.46

Base values: Dec 31, 1986 = 100; Finland, Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Amended indices for Finland and the Regional markets for July 11, are available on request from FT Prices, Tel: 01-403 0669.